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**ADMINISTRATIVE COSTS OF  
THE FOOD STAMP JOB SEARCH  
PROGRAM IN FOUR STATES:  
FINAL REPORT**

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## EXECUTIVE SUMMARY

The Food Security Act of 1985 required States to implement employment and training services beginning in April 1987. A major portion of the funding for the services was provided on a grant basis; costs that exceeded the grant level were subject to the normal rules for administrative cost reimbursement (50 percent reimbursement in most situations). Preliminary data indicated that the cost of the employment and training services was substantial and highly variable from State to State. The Food and Nutrition Service conducted a 12-month evaluation of the employment and training services to provide detailed information on the cost of that program. Results of that evaluation were not going to be available until 1990 -- three years after this study was undertaken.

Cost data from the job search program (the precursor to the employment and training program) provides useful information about sources of cost variation and serves as a benchmark against which costs of the new program can be compared. Job search is by far the most widely used component of the employment and training programs. Data from the job search program showed a relatively wide range of costs per referral, from as little as \$12 in Texas to as much as \$192 in Alaska.<sup>1</sup> This study, which examined costs in four States, indicated that the intensity and mix of services offered accounts for the greatest difference in program costs. A number of other factors also contributed to cost differences, however. These include the reported participation rates, the wage rates paid job search employees, the cost elements charged to the program, and differences in efficiency and productivity.

The job search program comprised five major functions -- referral of work registrants to job search; assessment of referrals and assignment to one of three categories; job search (which required, at a minimum, that entrants make job contacts and report back to the program, but could be expanded to include job club, training, and employment opportunities); compliance monitoring of job search participants; and reporting of participation rates to FNS. The components of the Food Stamp Employment and Training Program (FSETP) are very similar.

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<sup>1</sup> See Exhibit 2-1 in Chapter 2 of this report.

This study examined costs for these five central job search functions in four States. The study period was the last full year of the job search program, federal fiscal year 1986. The four States selected for study -- Kansas, Minnesota, Nevada, and North Carolina -- were selected to reflect variation in costs and in the intensity of the job search activities carried out.

Data on job search program costs by function were not readily available. However, since most of the program's costs were for labor, information about which personnel performed what activities can be used to allocate total costs to functions. Accordingly, interviews were conducted with State and local food stamp and job search officials to learn what types of activities were performed in each job search component, how long the activity took, how many persons participated in the activity, and the wages of the staff performing the activity.

#### Organizational Characteristics of the Job Search Program

Not only were the four States selected for study representative of the forty States offering job search with respect to the range of funding levels, but they were also representative in terms of organizational characteristics (where the job search unit was located, how many counties offered job search). The State Food Stamp Agency in three of the four States (Minnesota, Nevada, and North Carolina) subcontracted part of the job search services -- assessment/assignment, job search, monitoring, and reporting -- to the State Job Service. Kansas elected to offer those same job search services through its Office of Job Preparation Programs, which is a division within the Department of Social and Rehabilitative Services. Nationally, thirty out of forty States offering job service subcontracted part of the job search services, and most of these subcontracts were with the State Job Service.

Only nine States offered Statewide coverage. None of the four States examined here did, although the counties in which job search was offered in Nevada and North Carolina represented the majority of the food stamp caseload (91 and 79 percent, respectively).

### Job Search Program Functions

Job search functions included referral, assessment, job search, compliance monitoring, and monthly reporting. The amount of staff time required to perform the tasks and activities associated with these components varied across the four study States. The time differentials resulted in a wide variation in the direct labor costs for each job search component. Each of the components is discussed briefly below.

In the four States referrals were made by the eligibility workers (EWs) in the income maintenance (IM) unit. During the food stamp intake interview, the EWs would determine the work registration status of an applicant, and inform non-exempt work registrants that if their case was certified they would be required to be assessed for job search. The EWs were responsible for notifying the Job Search Program of the names of all referrals. The job search office, in turn, would contact the work registrant and set an appointment date for an assessment. The exception to this practice was Nevada, where the appointment notice was computer-generated.

The referral component required staff time ranging from 2 - 4 minutes per work registrant (Minnesota and Nevada) up to 8 - 10 minutes (Kansas and North Carolina).<sup>1</sup> As a result, the cost of the labor (including fringe benefits) for the referral function ranged from as little as \$0.37 in Minnesota to as much as \$1.27 in Kansas. Even though the time spent making a referral in North Carolina was two minutes longer than in Kansas, the lower wages paid to EWs in North Carolina left the cost per referral at only \$0.99.

At assessment, job search staff assessed the experience, abilities, and interests of work registrants, and subsequently categorized them into one of three categories -- job ready, temporarily not job ready, and exempt from job search. Three of the four States (Kansas, Minnesota, and Nevada) held group meetings prior to conducting an individual assessment. Individual assessments were not conducted in Nevada, except at the work registrants' request, and only 20 percent were estimated to make such requests. North Carolina conducted only individual assessments.

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<sup>1</sup> See Exhibit 3-3 in Chapter 3 of this report.

Staff spent from 17 minutes to 54 minutes per client assessed, and costs ranged accordingly from \$1.66 to \$10.99 per assessment. The variation in time was due to differences in the duration of the group sessions (20 - 60 minutes), the size of the groups (5 - 30), and the amount of time spent in the individual assessment (12 - 45 minutes). North Carolina, which did not hold group sessions, spent the greatest amount of time in the individual interview. Clerical work accounted for another 2 - 10 minutes of staff time. The influence on costs of wages paid to job search workers was evident by the fact that total assessment time in Kansas was nearly twice that of Minnesota, and yet in Minnesota the cost per assessment was slightly higher (\$5.56 vs \$5.42).

States varied in the mix and type of services provided to job search entrants. Programs could include job search, job club, training, and job development. All of the four States studied offered job search, and three out of the four offered job club. None provided training or job development services directly, although job search entrants could be referred to programs offered by other agencies. The job search offices had no way of monitoring whether or not individuals actually pursued those opportunities.

Work registrants entering job search were required to make a certain number of job contacts (usually 24) within a given time period (typically 8 weeks). Job search counseling was typically provided as part of follow-up interviews. Three of the four States estimated the follow-up interviews to last 15 minutes each; in Kansas, participants generally received 1.25 hours of counseling over the 8 week job search period. The cost of two follow-up interviews varied from a low of \$5.24 in Nevada to \$12.04 in Kansas.

Job club was designed to provide job seeking information and general psychological support to individuals on a continuing basis during job search. Kansas offered a 21-hour job club; the size of the clubs averaged 15.7 people, so the required staff time averaged 2.7 hours per club participant. The cost per job club entrant was \$36.09. In Nevada and North Carolina, staff time per job club participant averaged one hour, even though the two States operated very different clubs (Nevada ran a 20 hour club while North Carolina operated a one-day, 8 hour club). The cost of the Nevada and North Carolina job clubs was \$13.37 and \$11.99, with wage differentials accounting for the cost variation.

Job search workers were required to monitor the compliance of all work registrants referred to job search. Referrals could be cited for being noncompliant for a number of different reasons -- failure to show up for their assessment, failure to show up for either of the two follow-up interviews, or failure to make the required number of job contacts. If the work registrant could not demonstrate good cause for this failure, the job search worker was required to notify the Local Food Stamp Agency. The result of failing to comply with job search requirements could be disqualification for food stamp benefits for a two month period. Monitoring activities generally took 4 to 6 minutes per incident for individuals non-compliant at assessment and follow-up; the cost of this activity ranged from \$0.55 to \$1.20. In Minnesota, though, the process was somewhat longer (9 minutes, at a cost of \$2.15) partly because no action was taken until the end of the job search period, when determining the client's status may have been more difficult.

States were required to track participant flow and report this information to FNS on a monthly basis. Tabulations typically included the number of referrals, assessments completed, entries to job search, the number placed or employed, the number reported for non-compliance, and the number disqualified from food stamps.

The time that local office and State office personnel spent preparing the monthly reports varied considerably across the four States. The Kansas State Agency imposed time-consuming requirements on the information to be reported; the result was that local office staff spent 20 person hours compiling each monthly report, which cost \$184.54 per month in labor. In Minnesota and North Carolina local office staff spent from 1 - 2.5 hours on monthly reports, which cost \$18.15 and \$29.98 per month, respectively. The reporting process in Nevada was automated and required no local office staff time. State staff would spend anywhere from 30 minutes (Kansas) to 24 hours (North Carolina) preparing the monthly reports, resulting in costs ranging from \$6.62 per month up to \$341.12 (the high figure comes from North Carolina, where the job search program coordinator was responsible for compiling data from 57 reporting counties).



### Participation Levels

Job search programs varied in size across the four study States. Program size obviously influenced costs -- the greater the number of persons receiving services, the higher the total costs. Minnesota, which operated nine job search offices, received the greatest number of referrals (over 32,000), and North Carolina, with 57 job search offices, received nearly 28,000 referrals.<sup>1</sup> Nevada's program was much smaller, with 10,829 referrals in 3 offices, while Kansas only had 4,919 referrals from its 7 job search offices.

The number of referrals is only one indicator of program size, since not all referrals actually show up at the job search office for their assessment. The pre-assessment dropout rate in North Carolina was low, compared with the other three States. Only 35 percent of referrals did not show up for assessment interviews; as a result, North Carolina conducted the most assessments of all four States, over 18,000. Less than half of all referrals in the other three States actually were assessed. Of those assessed, typically 70 to 80 percent were determined to be job ready and assigned to job search. The exception to that was Minnesota, where only 55 percent of those assessed were categorized as job ready.

The drop out rate, or attrition rate, affects the number of units of service that need to be delivered, and hence the average cost per recipient referred to the program. The higher the attrition rate, the lower the cost per referral, as staff provide fewer numbers of service units. In cost analyses of programs like job search, where participants flow through the various stages, it is common to express costs in terms of one level of participation -- for example, total costs per referral.

The attrition of participants required some time on the part of staff; each time an individual did not comply with program requirements, staff had to notify him/her that he/she was at risk of losing food stamp benefits. This was true of those pre-assessment drop outs as well as job search entrants. The proportion of persons entering job search found to be non-compliant ranged from 19 percent in North Carolina to 44 percent in Nevada.

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<sup>1</sup> See Exhibit 2-5 in Chapter 2 and Appendix A of this report.

### Total Job Search Program Costs

The funding provided by FNS to the States to cover costs for operating a job search program did not represent all of the resources expended. All four States used some resources for job search that were not billed to the program. This mainly included local food stamp eligibility worker time to refer work registrants and take action on non-compliant job search entrants, as well as some State-level food stamp staff. These unbilled costs were estimated to range from \$37,000 to \$60,000 across the four States.<sup>1</sup> Had these costs been billed to job search, they would have added another 5 to 22 percent over and above invoiced costs.

Total program costs (both billed and non-billed) were estimated to range from \$288,000 in Nevada to \$1.25 million in North Carolina. Job search costs in Kansas and Minnesota totaled \$379,000 and \$659,000 respectively. Direct task time (which excludes supervisory and administrative time, as well as time spent by staff on non-specific tasks) accounted for 20 - 32 percent of all costs.<sup>2</sup> Unallocated worker time accounted for between 45 and 50 percent of total costs. Administrative labor, which represents State and local food stamp and job search supervisory staff, including program directors, amounted to 5 to 10 percent of total costs Kansas, (except in Kansas, where administrative time accounted for 20 percent of all costs). Non-labor costs, which included overhead, rent, supplies and equipment, and travel, represented 12 to 21 percent of total costs. Again, Kansas was the exception here, as only 4 percent of costs incurred were for non-labor cost items. This reflects the fact that no rent or agency overhead was charged to the job search program, and a reliable estimate could not be made of these expenses.

The total job search program costs per referral ranged from a low of \$20.31 in Minnesota to a high of \$77.12 in Kansas.<sup>3</sup> The major difference between the two States was, of course, the intensity and mix of services and program participation rates. Across all of the job search components, staff

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<sup>1</sup> See Exhibit 3-2 in Chapter 3 of this report.

<sup>2</sup> See Exhibit 3-8 in Chapter 3 of this report.

<sup>3</sup> See Exhibit 3-9 in Chapter 3 of this report.



## 1.0

## INTRODUCTION

The Food Security Act of 1985 required States to provide employment and training services to food stamp recipients beginning in April 1987. A major portion of the funding for the services is provided on a grant basis. States' costs exceeding the level of the grant are subject to the normal rules for administrative cost reimbursement (50 percent reimbursement in most situations). States may also reimburse certain participant expenses; \$25 in reimbursement costs per participant is shared equally by federal and state governments. States have the option to reimburse participants for expenditures that exceed \$25. In addition, beginning July 1, 1989, state agencies must reimburse participants for dependent care, up to \$160 per month per dependent person.

Data from the Food Stamp Employment and Training Program (FSETP) indicate that in the first two full years of operation (FY1988 - FY1989), federal expenditures for the program totaled \$150 million per year.<sup>1</sup> The cost per participant in FY 1988 varied greatly, from \$7 to \$619; the average cost was \$135. The wide variation in unit costs was due primarily to variation in intensity and duration of employment and training services offered.

The job search program, which preceded FSETP, was very similar, albeit less extensive. In 1987, when this project was undertaken, data from the FSETP were not available, although preliminary estimates indicated that costs were high and varied greatly from state to state. It was thought that the job search program could provide useful information about why such variations in unit costs exist. Understanding the organizational and operational characteristics of job search, and identifying the factors that have the greatest influence on administrative costs could have shed some light on estimated cost variations in the employment and training program. This would be particularly true for those components that were largely the same in both programs (e.g., referral and job readiness assessment).

Beginning in 1982, States were allowed (but not required) to operate job search programs for certain food stamp recipients under special contracts

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<sup>1</sup>Puma, M., et al., Evaluation of the Food Stamp Employment Training Program: Final Report, Bethesda, MD: Abt Associates Inc.; June 1990.

with FNS. The core of the job search program was a requirement that work registrants assessed as "job ready" make a specified number of contacts over a given period of time (usually 24 contacts in 8 weeks). Often, the job search program included a "job club," a relatively structured activity designed to assist and support food stamp recipients in looking for work. In Fiscal Year 1986, 40 States had contracts to operate job search programs.

The published data on costs and participation in the job search programs showed a relatively wide range of costs per participant. In the job search programs, costs per recipient referred to job search were estimated to range from a low of \$12 in Texas to a high of \$192 in Alaska, averaging \$54.<sup>2</sup>

The variation in job search costs could arise from several factors:

- Differences in the job search services that States carried out (States were allowed considerable flexibility to go beyond minimum job search requirements);
- Differences in the reported participation rates that cause artificial variation in the denominator of a cost-per-participant calculation;
- Differences in the cost elements included in reported figures; for example, the figures may or may not include assessment activities performed by certification workers, the full cost of services performed by State Agencies, or indirect costs;
- Differences in wage rates or other factor prices;
- Differences in scale economies related to the size of the offices in which job search is implemented and the extent of integration with other related activities (e.g., Job Training Partnership Act); or
- Differences in efficiency and productivity.

This study attempted to identify those factors that influenced cost variations. To attain this objective, it was necessary to achieve a thorough

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<sup>2</sup>Charles K. Fairchild, Report on the Census of State Operations: Job Search. Washington, D.C.: Abt Associates Inc., 1987.

understanding of the job search program's components and their related costs.

#### 1.1 Research Approach

The purpose of this study was to learn what factors contribute to variations in job search administrative costs. This information would then be used to shed some light on the factors that would influence administrative costs of the new employment and training program.

There were five major functions performed in the job search programs: referral of work registrants to job search; assessment of referrals and assignment to one of three categories (job ready, temporarily not job ready, and exempt); job search (which required, at a minimum, that entrants make job contacts and report back to the program, but could be expanded to include job club, training, and employment opportunities); compliance monitoring of job search participants; and reporting of participation rates to FNS.

The approach taken in this study was to examine the five function's unit costs, where unit is defined two ways: as the cost per person participating in the specific function, and as the cost per recipient referred to the job search program.

The two unit cost measures serve different purposes. The cost per person participating in a specific function allows one to compare States' costs for operating that function, eliminating any distortion that might arise from differential participation rates. To illustrate the point, consider the following hypothetical example. State A and State B, both of which define their job search program to include a mandatory job club, each refer 1,000 recipients to the job search program for readiness assessment. Of those, 750 recipients in State A and 500 in State B actually participate in job club activities (the remainder either are found not job ready or fail to appear for their job club activity). State A spends \$7,500 in operating the job club component, and State B spends \$5000.

In this example, the two State's administrative costs for providing job club services to one recipient are identical: \$10 per job club participant. If we computed the unit cost on the basis of referrals to the

job search program, however, State A would have a cost of \$7.50 per referral, which would appear more expensive than the \$5.00 cost per referral in State B. Applying any single participation statistic as the basis for all components' unit costs would have the same problem: differing participation rates or attrition rates could distort cross-State comparisons of the unit cost.

In addition to the unit costs for components, it is useful to have an overall summary measure of the unit cost of the job search program. Any of several denominators might be used for such a measure: the number of households or recipients participating in the Food Stamp Program, the number of recipients referred for assessment, the number who begin participation in job search activities, the number who complete the job search activity, or the number placed in jobs. The most useful measure, in our view, is likely to be the number of recipients referred for assessment, which yields as the unit cost measure the cost per referral. States generally begin their planning by estimating the number of recipients who will be affected by the job search requirement, which is best reflected in the number of referrals. Accordingly, the cost per referral is the main summary measure used in the report.

Two general approaches might be taken to estimate unit costs for job search functions. The first would begin with a State's total costs, allocate them to the functions, and then divide each function's costs by the appropriate number of participants to obtain a unit cost per person entering a component. The second approach would estimate the time it takes the worker to perform each function, multiply it by the worker's salary, add any necessary allocation of non-specific task time and more general administrative or overhead costs, and finally add any non-labor costs directly incurred to perform the function. The result would be the unit cost for staff to provide one unit of service. A combination of these two approaches was used to estimate job search costs by component.

## 1.2 Research Design

The examination of job search costs was carried out in four States. The study period was the last full year of job search, federal fiscal year 1986. Site selection attempted, to the extent possible, to include four States that represented a reasonable range of cost levels, including one with

relatively high costs and one with relatively low costs. Selection also attempted to capture variation in the intensity of the job search activities the States carried out. Excluded from consideration were those States selected for the evaluation of the new employment and training program. This exclusion limited the pool of potential States for this study to 17, most of which were relatively small, relatively rural States. Job search participation rates for these 17 States are presented in Appendix A. The States selected for study were Kansas, Minnesota, Nevada, and North Carolina.

An in-depth interview guide was designed to serve as the data collection protocol for the study. (See Appendix H). Appointments were set up in each State with the State Food Stamp Agency's Job Search Program Monitor/Coordinator and, in the States where job search was subcontracted out to the State Job Service, that agency's Job Search Program Coordinator. The interview guide was structured to elicit the following information:

- what agency performed each function;
- what functions were directly billed to the job search contract;
- what cost items were included in that billing (e.g., labor, fringe benefits, other direct charges);
- what was the value of cost items identified as being part of job search but not billed to the contract.

Similar questions were asked about local level job search costs. In addition, questions were directed at determining the following information for each of the major job search functions:

- how each State defined the parameters of the major job search functions;
- what series of tasks were undertaken to complete a component for a given recipient;
- how long it took to execute each task;
- what worker type typically performed the activity;  
and
- what salary range was paid to each type of job search worker.



Project staff spent one to two days on-site collecting data. In addition to interviews with State and local job search staff, the project staff typically spoke with a State fiscal employee, who provided access to billings information, including detail on job search costs.

The major job search components are described in detail in Chapter 2. The analysis of job search program costs is presented as Chapter 3 of this report. Chapter 4 presents an analysis of the factors influencing cost variations in the job search program, and explains how these data may be applied to project benchmark costs for the employment and training program.

## 2.0

### THE JOB SEARCH PROGRAM

Federal law and regulations require all non-exempt food stamp recipients to register for work as a condition of eligibility to receive food stamps. In FY 1983, the Food and Nutrition Service (FNS) began funding job search programs under contracts negotiated with individual States. By 1986, 40 States had contracted with FNS to provide job search services to targeted groups of work registrants.

Job search programs comprised five major components: identification and referral, assessment and assignment, job search, compliance monitoring, and reporting. Non-exempt food stamp recipients were referred by their eligibility worker to the job search program. The eligibility worker typically informed the work registrants of their job search status shortly after their food stamp application had been certified. At the same time, a notice was sent to the job search program. The job search interviewers were responsible for assessing the job readiness of work registrants and assigning them to one of three categories: job ready, temporarily not job ready, or exempt.

Job-ready individuals entered job search. Job search required work registrants to make a specified number of job contacts (usually 24) within a given time period (typically 8 weeks). Job search entrants had to report back to the job search office so that their progress (and their compliance with the search requirement) could be monitored.

Job search workers were responsible for monitoring program compliance, and reporting non-compliant individuals to the Local Food Stamp Agency. Persons could be found to be noncompliant at assessment (for failing to show up to be assessed) or at follow-up (for failure to return for follow-up interviews, or failure to make the requisite number of job contacts).

Under the reporting requirements, the States had to submit monthly participation reports to FNS. These reports provided monthly and cumulative tallies of the number of referrals made, assessments conducted, and job search entrants. In addition, States were required to report the number of persons who obtained employment, were non-compliant, and were disqualified from food stamps as result of their failure to fulfill their job search requirements.

Total funding for the job search program was approximately \$30 million in 1986. The four States included in this study (Kansas, Minnesota, Nevada, and North Carolina) had job search expenditures of \$2.4 million. Program funding varied greatly in the 40 job search States, from a low of \$20,000 to a high of \$2.9 million. (See Exhibit 2-1.) The cost per referral ranged from \$12 to \$192. The four States studied ranged in funding from \$236,000 in Nevada (and \$18 per referral) to \$1.2 million in North Carolina, where the cost per referral was estimated to be \$61. Kansas and Minnesota programs were \$319,000 and \$622,000, respectively; per referral costs were \$60 and \$34.

## 2.1 Organizational Characteristics

In 30 out of the 40 States that offered job search, the State Food Stamp Agency subcontracted part of the job search services. In most instances, the subcontracts were with the State Job Service. This was the case in three of the four States examined here (Exhibit 2-2). Minnesota, Nevada, and North Carolina all subcontracted the assessment/assignment, job search, monitoring, and reporting activities. Kansas elected to offer those job search services through its Office of Job Preparation Programs within the Department of Social and Rehabilitative Services, which also has responsibility for the Food Stamp Program.

In most States, the job search program had limited geographical coverage. Only nine States (including the Virgin Islands and Guam) offered Statewide coverage. None of the four States examined here ran Statewide programs. North Carolina operated job search in 57 of its 100 counties, covering 79 percent of the food stamp caseload. Minnesota operated 9 job search offices which served 29 counties, where 64 percent of the food stamp caseload resided. For most of FY 1986, Kansas operated 5 job search offices serving 5 counties; in the last quarter of that year, two more county offices began operating job search programs; even then, only 17 percent of the Kansas food stamp caseload was covered by job search. Of the four study States, Nevada's job search program had the widest coverage, serving 91 percent of their food stamp caseload; the three Nevada job search offices covered four counties.

## EXHIBIT 2-1

JOB SEARCH STATES RANKED BY  
COST PER REFERRAL (FY 1986)

STATE	COST PER REFERRAL	COST PER CASE	ANNUAL FUNDS
Alaska	\$192	\$115	\$ 228,970
Maine	175	15	138,965
Oregon	105	9	284,022
Virgin Islands	89	6	45,283
Colorado	89	168	503,695
Wisconsin	86	24	581,942
Tennessee	72	9	1,203,621
New Jersey	70	3	473,963
Arkansas	66	16	606,910
Georgia	65	19	1,265,943
California	64	8	2,952,510
*North Carolina	61	7	1,195,714
New York	60	9	1,493,583
Arizona	60	18	719,185
*Kansas	60	35	282,274
New Hampshire	60	27	164,197
Virginia	57	18	701,470
Montana	56	18	215,195
Idaho	56	34	272,008
Mississippi	51	15	683,638
South Carolina	50	5	559,510
Washington	49	12	1,354,338
Nebraska	46	32	126,763
Delaware	45	14	187,349
Hawaii	44	12	280,355
Vermont	39	14	42,000
New Mexico	38	2	507,339
*Minnesota	34	10	566,410
South Dakota	33	21	169,650
Florida	32	11	2,334,531
Alabama	28	11	965,396
Iowa	21	9	677,746
Kentucky	20	11	432,001
Guam	19	4	20,304
Illinois	19	6	1,507,348
*West Virginia	19	7	704,061
*Nevada	18	16	239,880
Oklahoma	15	10	430,088
Texas	12	9	2,091,559
Missouri	12	6	864,588

\*Included in the present study.

Data obtained from Charles K. Fairchild, Report on the Census of State Operations: Job Search. Washington, DC: Abt Associates Inc., February 1987

**EXHIBIT 2-2**

**ORGANIZATIONAL CHARACTERISTICS OF JOB SEARCH PROGRAMS**

	KANSAS	MINNESOTA	NEVADA	NORTH CAROLINA
FOOD STAMP PROGRAM AGENCY	Dept. of Social and Rehab Services	Dept. of Human Resources	Dept. of Human Resources	Dept. of Social Services
JOB SEARCH PROGRAM AGENCY	Job Preparations Program, DSRS	Dept. of Jobs and Training	Employment Security Dept.	Employment Security Commission
RELATIONSHIP OF FOOD STAMPS TO JOB SEARCH	Intra-Agency	Contractual	Contractual	Contractual
NUMBER OF JOB SEARCH OFFICES	7 <sup>b</sup>	9	3	57
JS COMPONENTS OFFERED <sup>a</sup>				
Counseling	Yes	Yes	Yes	Yes
Job Club	21 hours	No	20 hours	8 hours
Job Development	No	Yes	Yes	No
Workfare	No	No	No	Referrals
Classroom Training	Referrals	Referrals	No	Referrals
On-the-Job Training	No	No	No	Referrals

<sup>a</sup> States were only required by FNS to provide counseling/job search follow-up services. All other service components were optional.

<sup>b</sup> Two sites began operations in the 4th Quarter of FY86

In addition to the basic job search requirement, a considerable range of employment and training services was offered in the 40 job search States. According to a census conducted in 1986<sup>1</sup> job referral services were offered in 38 States, 23 provided job development services, and 6 had workfare programs. Fourteen States reported offering classroom skills training and 10 offered on-the-job training to work registrants. In many cases these services were available but optional; work registrants were not required by FNS to participate in anything but the basic job search activity.

In addition to providing job search services, States were required to monitor the compliance of referrals and job search entrants. They had to track the flow of participants from referral to assessment, to job search, and, if applicable, to disqualification, and report the results to FNS.

## 2.2 Job Search Program Functions

Each of the five job search components is described below. At the end of this presentation is a discussion of the flow of participants through the job search program and the participation rates experienced by the four study States.

### Referral

In all 40 States with job search programs, the Food Stamp Agency performed referrals for assessment. This included determination of work registrant status, review of exemption criteria, and preparation of referral forms. In 35 States, including the four in this study, this function was performed by the eligibility workers (EWs) in the income maintenance (IM) unit. The other five States either set up separate work registration/job search units, had individual work registration centers, used computer-generated random assignment, or used a mix of models employing either IM units or separate job search units.

During the food stamp intake interview, eligibility workers informed applicants that if their case was certified for benefits they would have to

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<sup>1</sup>Charles Fairchild, Food Stamp Program Operations Study, Report on the Census of State Operations: Job Search. Washington, DC: Abt Associates February 1987.

enter job search. Shortly after certification, the EWs sent a referral notice to the job search office. The job search office, in turn, contacted the work registrant, scheduling an appointment for an assessment. In Nevada, computer generated appointment cards were mailed to all referrals. A chart illustrating the flow of participants through the system is provided in Exhibit 2-3.

Participants can drop out of the flow at almost any stage. Not all referrals actually present themselves for assessment; not everyone assigned to job search complies with the program requirements, etc. Attrition can occur for three reasons: the person finds employment; food stamp benefits end or are terminated, so the person is no longer required to participate; or the person elects to be out of compliance with requirements. Participation rates are discussed later in this chapter and summarized in Exhibit 2-4.

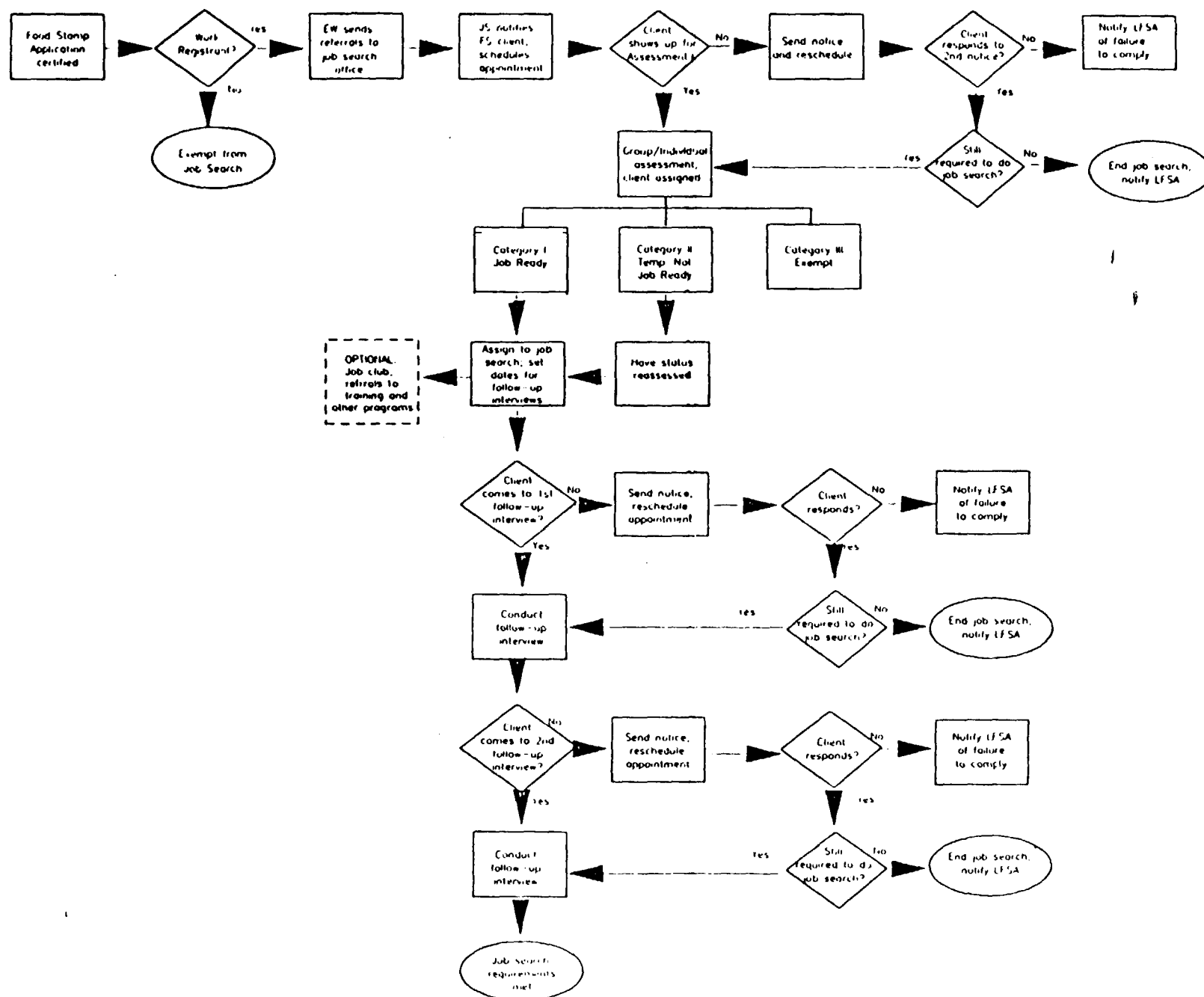
#### Assessment

During the initial meeting at the job search office, staff assessed the experience, abilities and interests of work registrants. The recipients were then categorized by degree of job readiness, and assigned to one of three categories: Category I - Job Ready; Category II - Temporarily Not Job Ready; and Category III - Exempt.

Persons categorized job ready were required to enter job search, unless they had completed job search in the past twelve months. All Category II designees were temporarily exempted from entering job search; however, they would have to return to the job search office within two months to have their status redetermined. Category III work registrants were exempted from all job search requirements.

Most States (35) conducted assessments individually, but 5 conducted assessments in groups and 10 conducted both individual and group assessments. Of the States included in this study, North Carolina conducted only individual assessments, while Minnesota and Kansas conducted both group and individual assessments. Nevada conducted mostly group assessments, although some work registrants requested an individual assessment after the group meeting was concluded.

**EXHIBIT 2-3: JOB SEARCH PARTICIPANT FLOW**





The group assessments/presentations included an explanation of the job search program and its requirements, and sometimes included information on job seeking skills. The individual assessments could entail job counseling, leads to job referrals, or referrals to other programs available in the community, such as classroom or on-the-job training opportunities.

#### The Service Component

States varied in the mix and type of services provided to job search entrants. Services commonly available included job search, job club, training, and job development. Each is described below.

Job Search. Job search counseling or training was offered by 32 States. Nearly all the States (28) provided at least some job search training individually. In addition, 21 States provided some training in groups.

Work registrants assessed as job ready were required to make a set number of employer contacts (up to 24 in an 8 week period), and return for one or two follow-up interviews. If two follow-up interviews were required, one usually occurred the mid-way through the job search process, and the second at the end of 8 weeks.

Thirty States required contact reports twice during the job search period, 2 States required reports only once, and 8 States varied requirements according to registrant circumstances. All four of the study States required two follow-up visits and 24 job contacts, although one of the larger offices in Minnesota reduced the latter requirement to 16 contacts.

According to the interviews conducted in this study, job counseling was typically part of the assessment and follow-up interview processes, and was not viewed as a distinct service. Only Kansas actively provided ongoing counseling and job leads for the participants during the 8-week job search period.

Job Club. Job club is an activity designed to provide job seeking information and general psychological support to individuals on a continuing basis during job search. As the name implies, job clubs were group activities. Job club sessions typically included resume writing, mock interviews, and other topics relevant to obtaining employment. The job clubs were usually run by Job Services, which also served many people other than

food stamp recipients. Food stamp job search participants typically made up a small portion of the group. Kansas, Nevada, and North Carolina all operated job clubs.

In Kansas, the Job Preparations Program ran a 21-hour club once a month. Club members would attend 3-hour club meetings over 7 consecutive days. Two staff members would moderate the sessions, which included making phone banks available to participants. The job club staff took a proactive role in helping club members find employment. For example, staff would

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entail obtaining commitments from employers to hire or to give priority to job search participants.

None of the States included in this study provided job development services per se. In Minnesota, Nevada, and North Carolina, the job service offices that ran job search also maintained job banks and community job listings which were made available to job search participants. Employers were not normally alerted to the fact that a particular individual referred to them was a food stamp recipient, so there was no special arrangement to hire job search referrals. The States did not track food stamp participants' use of job banks and job listings, and none was able to estimate what proportion of job search entrants took advantage of the service.

Other Services. Other job search services that might be offered include on-the-job training opportunities and community work experience or workfare. In some job search sites in North Carolina, participants could be referred to one of these services, but the job search office did not operate any of these programs and did not track referrals made. None of the other three States indicated that such services were available, even on a reference basis.

#### Compliance Monitoring

States were required to monitor an individual's compliance with job search program requirements. There were two stages at which referred work registrants would be considered non-compliant: assessment, and job search. A person failing to show up at the job search office when scheduled was considered to be out of compliance. Also, individuals who did not make the required number of job contacts within the allotted time period could be considered non-compliant.

Non-compliant individuals were notified by mail that they missed a scheduled visit, and warned that failure to respond would result in loss of food stamp benefits.

Job search participants had to show good cause if they were unable to meet the stated requirements. If good cause could not be demonstrated, the job search agency was then obligated to report to the food stamp agency the names of persons who failed to meet these minimum requirements.

### Participation Reports

States were also required to measure participant flows and to report this information to FNS on a monthly basis. Fewer than 12 of the job search States had computerized tracking and reporting systems. Of the States visited in this study, only Nevada had automated its reporting operations. The other States had participation rates tabulated at the local sites that were then incorporated into one report at the State level. Usually one person at the local office level was charged with compiling the monthly statistics; the State program coordinator assembled the local reports and prepared the participation reports according to FNS specifications.

The numbers used in the participation reports were a continuing concern of FNS throughout the job search program, both in terms of completeness and consistency. States were required to report the number of persons referred for assessment, the number assessed, job ready, entered job search, placed or employed, noncompliant, and disqualified for noncompliance. Not all States reported figures for all categories. Some States reported figures which were inconsistent with the flow of activities; most notable were those cases where the number of persons assessed exceeded the number of persons referred. Missing from the reporting requirements was a mechanism for tracking the progress of each and every referral -- the result could be double counting (particularly a problem with non-compliance notices) or undercounting (e.g., the number of persons employed).

Although activity definitions can also be a source of inconsistency across States, the four States included in this study used consistent definitions and reporting criteria.

Every new certification and every recertification of a work registrant household is counted as a referral in most States. This practice may result in overcounting persons required to enter job search in those cases where food stamp applicants are given short certification periods; individuals were only required to perform job search once a year. Assessment counts are a bit more straightforward. Persons who showed up to be assessed were counted, including those persons who were exempted from but volunteered for job search.

The definition for "entered job search" typically includes all persons assigned to that component after assessment. However, this number is

not always the same as the number assessed to be job ready -- it can be either higher or lower. The reasons job ready individuals might not get counted as having entered job search include: part time employment; enrollment in a training program; no longer receiving food stamps; and job search was delayed with good cause. The discrepancy on the high side can be caused by: persons originally assessed temporarily not job ready subsequently entering job search; persons exempted from job search at assessment who elect to perform job search; and reporting lags from one reporting period to the next.

The reported non-compliance rate in most States represents not a count of individuals, but rather a count of the number of times individuals fail to comply. Most States separately tracked the number of notices sent for noncompliance at assessment and at job search. Non-compliance in either case was defined as a failure to report as scheduled or repeatedly delaying appointments. The local offices would periodically (daily, weekly, bi-weekly) send notices of adverse action to those persons who failed to show up for an appointment and did not call to reschedule. The notices generally instructed the individual to contact the job search office and reschedule within a certain time period; failure to do so could result in the loss of food stamp benefits.

With the exception of "entered job search," the participation numbers reported by the States represent the number of persons for whom some activity was performed by either a food stamp or job search staff member; thus, the participation rates serve as proxy for the volume of services delivered. Not everyone who entered job search actually had the one or two required follow-up visits, either because they no longer had to participate in job search, they left the Food Stamp Program, or they chose to be non-compliant. Since States did not track the number of follow-up visits conducted by their staff, there is no accurate count of the volume of services actually delivered.

### 2.3 Participation Levels

Job search programs varied in size across the States. The number of referrals in eleven job search States exceeded 30,000 per year; five States had 15,000-30,000 referrals. (See Exhibit 2-4.) The majority of the States ran much smaller programs, however. Thirteen States had fewer than 6,000

referrals per year, while another eleven had 6,000-14,000 referrals. The four study States varied just as widely in program size, as demonstrated in Exhibits 2-4 and 2-5.<sup>1</sup> Minnesota's nine job search offices received the greatest number of referrals (over 32,000), and North Carolina had nearly 28,000 referrals. Nevada's program was much smaller (10,829 referrals), and Kansas had only 4,919 referrals.

The number of referrals is only one indicator of program size. Not all referrals actually show up at the job search office for their assessment. Reasons for not getting assessed may be legitimate (e.g., found employment, no longer on food stamps, etc.) or may be a result of deliberate noncompliance with job search requirements. North Carolina conducted the most assessments (over 18,000). The pre-assessment dropout rate in North Carolina was low, compared with the other three States; only 35 percent of referrals did not show up for assessment interviews in North Carolina. However, this is consistent with the national average. In the other three States, less than half of the referrals (45 - 47 percent) were assessed, substantially under the national average.<sup>2</sup> The proportional flow of job search referrals in the four study States is illustrated in Appendix B.

Of those assessed, about 70 to 80 percent were determined to be job ready and assigned to job search in Kansas, North Carolina and Nevada. In Minnesota, however, only 9,400 of the 17,000, or 55 percent of the persons assessed, were determined to be job ready. Minnesota's experience more closely reflects the national norm where, on average, 50 percent of those assessed enter job search.

Most people assigned to Category I - Job Ready are then assigned to job search. There are a number of reasons why job ready work registrants might not be assigned to job search: they may be employed part-time; they may

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<sup>1</sup> It should be noted that participation numbers in the Census report were preliminary estimates; data gathered from the four study sites are final estimates, and therefore the figures cited in the text here do not always agree with those in Exhibit 2-4. The final participation rates for the study States are presented in Exhibit 2-5.

<sup>2</sup> Note, however, that the national average is based on preliminary rather than final figures.

EXHIBIT 2-4  
JOB SEARCH PARTICIPATION RATES, FY 1986

<u>State</u>	<u>No. of Referrals</u>	<u>No. of Assessments</u>	<u>Pct. of Referrals Assessed</u>	<u>No. Entered Job Search</u>	<u>Pct. of Referral Entered JS</u>	<u>No. Non-Compliant</u>	<u>Pct. of Referrals Non-Compliant</u>	<u>No. Disqualified</u>	<u>Pct. of Referrals Disqualified</u>
Alabama	33,948	34,020	100.21	15,900	46.83	11,328	33.36	1,896	5.58
Alaska	1,200	648	54.00	648	54.00	432	36.00	132	11.00
Arizona	12,048	7,380	61.25	5,040	41.83	5,088	42.23	2,652	22.01
Arkansas	9,144	7,296	79.79	6,336	69.29	3,036	33.20	1,692	18.50
California	45,816	45,816	100.00	14,328	31.27	19,596	42.77	3,816	8.33
Colorado	5,664	2,904	51.27	2,904	51.27	1,752	30.93	1,704	30.08
Delaware	4,188	1,788	42.69	1,728	41.26	2,304	55.01	576	13.75
Florida	72,408	26,736	36.92	25,800	35.63	17,244	23.81	9,492	13.11
Georgia	19,620	9,348	47.64	5,724	29.17	9,360	47.71	3,156	16.08
Guam	1,068	720	67.41	324	30.33	480	44.94	348	32.58
Hawaii	6,336	3,816	60.23	2,916	46.02	4,140	65.34	1,116	17.61
Idaho	10,584	5,388	50.91	3,216	30.38	1,908	18.03	1,176	11.11
Illinois	81,036	81,036	100.00	81,036	100.00	14,844	18.32	11,988	14.79
Iowa	32,376	19,380	59.86	13,404	41.40	8,916	27.54	2,388	7.37
Kansas	4,716	2,772	58.78	1,956	41.47	1,020	21.63	768	16.28
Kentucky	21,852	21,852	100.00	11,664	53.38	1,236	5.65	1,236	5.65
Maine	1,584	708	44.69	660	41.67	348	21.97	228	14.39
Minnesota	16,452	9,912	60.25	9,324	56.67	5,712	34.72	3,408	20.71
Mississippi	13,356	10,764	80.59	6,156	46.09	2,832	21.20	2,508	18.77
Missouri	73,584	73,572	99.98	4,248	5.77	408	0.55	504	.68
Montana	3,852	2,460	63.86	2,220	57.63	2,436	63.23	624	16.19
Nebraska	2,724	2,736	100.44	2,232	81.94	792	29.07	636	23.34
Nevada	13,632	6,108	44.81	5,988	43.92	7,872	57.75	5,340	39.17
New Hampshire	2,736	1,680	61.40	1,548	56.58	528	19.29	252	9.21
New Jersey	6,804	3,732	54.85	2,916	42.86	1,512	22.22	1,068	15.69
New Mexico	13,452	3,720	27.65	3,720	27.65	4,248	31.58	444	3.30
New York	24,780	15,900	64.16	6,276	25.32	3,900	15.74	4,020	16.22
North Carolina	19,728	15,024	76.15	13,740	69.65	2,124	10.76	1,260	6.38
Oklahoma	27,816	20,304	72.99	11,892	42.75	10,404	37.40	3,684	13.24
Oregon	4,644	3,720	80.10	3,660	78.81	144	3.10	120	2.58

EXHIBIT 2-4  
JOB SEARCH PARTICIPATION RATES, FY 1986  
(continued)

<u>State</u>	<u>No. of Referrals</u>	<u>No. of Assessments</u>	<u>Pct. of Referrals Assessed</u>	<u>No. Entered Job Search</u>	<u>Pct. of Referral Entered JS</u>	<u>No. Non- Compliant</u>	<u>Pct. of Referrals Non-Compliant</u>	<u>No. Disqualified</u>	<u>Pct. of Referrals Disqualified</u>
South Carolina	11,172	N/A	N/A	2,928	26.21	5,160	46.18	1,764	15.79
South Dakota	5,100	1,968	38.58	1,452	28.47	1,044	20.47	132	2.59
Tennessee	16,692	9,444	56.58	9,444	56.58	7,452	44.64	1,356	8.12
Texas	170,376	39,276	23.05	39,276	23.05	72,660	42.64	13,164	7.72
Vermont	1,080	984	91.11	984	91.11	432	40.00	60	5.55
Virgin Islands	504	420	83.33	420	83.33	192	38.09	0	0
Virginia	12,396	12,168	98.16	8,712	70.28	2,160	17.42	1,656	13.36
Washington	27,804	15,564	55.97	15,564	55.98	8,904	32.02	3,612	12.99
West Virginia	37,380	30,216	80.83	22,068	59.03	1,728	4.62	3,324	8.89
Wisconsin	6,792	4,248	62.54	5,112	75.26	1,716	25.26	2,400	35.33
NATIONAL AVERAGE	21,911	14,244	66.49	9,337	49.75	6,185	30.66	2,393	13.85

Data obtained from Charles K. Fairchild, Report on the Census of State Operations: Job Search. Washington, DC: Abt Associates Inc., 1987.



**EXHIBIT 2-5**

**FINAL JOB SEARCH PARTICIPATION RATES IN THE FOUR STUDY STATES, FY 1986**

	KANSAS	MINNESOTA	NEVADA	NORTH CAROLINA	NATIONAL AVERAGE
AVG. MONTHLY FOOD STAMP CASELOAD COVERED BY JOB SEARCH	7,771	56,163	14,587	136,424	78,753
REFERRALS	4,919	32,465	10,829	27,870	21,912
ASSESSED	2,737	17,217	5,822	18,288	14,244
JOB READY	1,887	9,441	4,639	13,416	12,048
NOT JOB READY	456	a	a	893	a
EXEMPT	503	a	a	1,627	a
ENTERED JOB SEARCH	1,896	8,948	4,712	12,346	9,336
ENTERED JOB CLUB	1,129	b	50	761	a
OBTAINED EMPLOYMENT	1,265	2,239	3,591	5,844	2,496
ON OWN	721	1,377	a	2,474	a
PLACED	544	862	a	3,370	a
NON-COMPLIANT	1,096	8,431	6,020	8,189	6,185
-- AT ASSESS	621	5,481	3,913	5,881	a
-- AT JOB SEARCH	475	2,950	2,107	2,380	a
DISQUALIFIED	845	2,531	3,997	a	2,393

a - data not available

b - not applicable; service not provided

currently be enrolled in a training program; they may have had the requirement delayed for good cause; they may have already participated in job search in the past year; or he/she may no longer be receiving food stamps.

Once recipients entered job search they were required to make a certain number of job contacts and report back periodically to the job search office. Persons who did not complete their job search requirements may have not done so for a number of reasons: they found employment, they no longer received food stamps, they could demonstrate good cause (which would then have resulted in a change of category), or they were simply non-compliant with the program requirements.

A substantial number of recipients who entered job search did not in fact comply with all requirements. The number found non-compliant in the study States ranged from 19 percent of those entering job search in North Carolina to 44 percent in Nevada.

The number of persons entering job search who were reported to have obtained employment varied across the four States. This variation stemmed from several sources, including local labor market conditions, criteria used to count placements, and methods used to obtain the data. In Nevada, over three-quarters of job search entrants obtained employment. The State did not keep figures on what proportion were placed by job search (i.e., placed into known job openings) and what percent found employment on their own. The job search staff in Nevada noted that most job search clients are temporarily laid off workers from casino-related industries who do not remain on food stamps for very long. In Kansas, 67 percent of job search entrants found employment. Here, the high success rate may be attributable to the fact that job search staff maintained contact with job club participants for up to ninety days after completing job club, and most other States cease tracking participants once the required 8 week job search period ends. The proportion reported to have obtained employment was lower in the other States, at 47 percent in North Carolina and 25 percent in Minnesota.

Non-compliance figures must be treated with caution; they do not reflect the number of individuals, but the number of times registrants fail to comply with registration, assessment or job search procedures. Thus, one person going through the job search process a single time could represent 3 or 4 reported incidents of non-compliance. For example, Nevada reported about

6,000 incidents of non-compliance, 2,100 of which occurred after assessment. That 2,100 apparently represents 45 percent of the people assigned to job search, but we noted earlier that 75 percent found employment. Another result of this counting procedure is that the number of persons disqualified is much smaller than the number of non-compliance incidents. Further, an individual may no longer be receiving food stamps by the time the disqualification stage has been reached, eliminating the need for disqualification.

For present purposes, participation figures were useful mainly in scaling States' costs to allow cross-State comparison. For example, how do we interpret total service costs of \$55,000 in one State versus \$231,000 in another? We cannot know how to compare these numbers unless we can express them in the same terms, such as costs per job search referral.

The participation reports submitted by the States to FNS present counts of the total number of individuals who were referred, were assessed, entered job search, were notified of non-compliance, were reported to DSS for non-compliance, and, in some instances, were disqualified. These are the major "events" that take place in the job search program, but a number of tasks make up each of these "events." Exhibit 2-6 presents the number of persons for whom different job search tasks were performed/provided. (These data are based on the participation reports and estimates of participant flow maintained by each State.)

The number of instances of task performance is sometimes lower than the number of apparent participants, due to attrition, and sometimes greater than the number of participants, if the task was performed more than once for some people. Thus for example, while 4,712 work registrants in Nevada entered job search, job search workers estimated that they only conducted 5,360 follow-up interviews; this amounts to 1.1 interviews for every job search entrant, well below the required two interviews.

The exhibit indicates that procedural differences combined with differing participation patterns created substantial variation in the nature of the work the States performed. For example, although Minnesota and North Carolina assessed comparable numbers of work registrants, North Carolina had to perform about three times as many follow-up interviews as Minnesota. This

**EXHIBIT 2-6**

**LEVEL OF JOB SEARCH PROGRAM ACTIVITIES, FY 1986**

ACTIVITY	KANSAS		MINNESOTA		NEVADA		NORTH CAROLINA	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
<b>REFERRAL</b>								
Referrals Sent	4,919	100.0	32,465	100.0	10,829	100.0	27,870	100.0
<b>ASSESSMENT</b>	4,919	100.0	32,465	100.0	10,829	100.0	27,870	100.0
Clerical Work	4,919	100.0	32,465	100.0	5,822	53.7	27,870	100.0
Group Meeting	2,737	55.6	17,217	53.0	5,822	53.7	a	a
Individual Assessment	2,737	55.6	17,217	53.0	1,164	10.7	18,288	65.6
<b>SERVICE</b>	2,727	100.0	17,217	100.0	5,822	100.0	18,288	100.0
JS Follow-Up Interview/ Counseling	1,374	50.2	5,593	32.5	5,360	92.0	18,181	99.4
Job Club	1,129	41.3	a	a	50	.8	761	4.1
- Home Visits	330	12.1	a	a	a	a	a	a
<b>NONCOMPLIANCE MONITORING</b>	4,919	100.0	32,465	100.0	10,829	100.0	27,870	100.0
Assessment Noncompliance Notices	2,182	44.3	15,248	46.9	5,007	46.2	7,770	27.8
Follow-Up Noncompliance Notices	1,283	26.1	6,711	20.6	1,649	15.2	5,595	20.0
Notice to DSS	1,096	22.3	8,431	25.9	6,020	55.6	8,189	29.4
Disqualification Hearings								
- Notice Sent	1,096	22.3	8,431	25.9	6,020	55.6	8,189	29.4
- Hearing	50	1.0	20	0.1	0	0.0	409	1.5
<b>PARTICIPATION REPORTS</b>								
Local Office	66		108		0		684	
State Office	12		12		12		12	

a - not applicable; service not provided

occurred because a higher proportion of North Carolina's work registrants were found job ready and because, among those who entered job search, a smaller proportion of the North Carolina recipients failed to comply with the job search requirements. The implications of such differences for costs of the job search program will be seen in the next chapter.

#### 2.4 Job Search and the Food Stamp Employment and Training Program (FSETP)

Like job search, the Employment and Training Program comprises referral, assessment, job search/job training, compliance monitoring, and reporting components. One major difference between the two programs was breadth of coverage. All 50 States (plus the District of Columbia, the Virgin Islands, and Guam) offered FSETP, ten more States than offered the job search program. All but 4 States provided job search as a FSETP component, and 37 States offered job search training (which is similar to job club). A feature that was incorporated into the FSETP was the reimbursement, up to \$25 per month, for a participant's transportation and other reasonable expenses. Beginning July 1, 1989, State agencies must reimburse participants for dependent care expenses up to \$160 per dependent per month. These expenses, which are funded equally by States and the Federal government, will impact on total program costs as well.

In terms of the program organization of FSETP, most State Food Stamp Agencies no longer subcontract out the job search/job club component to the State Job Services Agency. Within the Local Food Stamp Agencies (LFSA), however, there was some variation in the operation of the program. Some States have established separate employment and training units with distinct staff, others operate the program within the LFSA organizational model.

### 3.0 ANALYSIS OF JOB SEARCH PROGRAM COSTS

The purpose of this study was to provide a better understanding of the costs of the job search program. In this chapter, job search expenditures are examined, and unit costs for each of the five major job search activities computed.

#### Overview of the Chapter

There are a number of sources of job search expenditures -- costs were incurred at both the State and local level in the Food Stamp and Job Search Agencies. The type and amount of these costs vary by program size and administrative organization. Program size (number of counties operating job search programs, size of food stamp caseload) affects the number of staff required to handle the job search program at the local level as well as to supervise and monitor the program at the State level. The volume of program participants, of course, determines the number and type of staff required at each local site. Organizational characteristics impacting costs include subcontracting arrangements with State Job Service Agencies (some States retained the job search function within the Food Stamp Agency, while others subcontracted it out), and what proportion of time State-level program coordinators devoted to job search. Section 3.1 below describes the components of job search expenditures, as well as costs incurred by the program but not actually billed to job search.

Because total costs provide only a limited aid to understanding administrative activities, costs are estimated for each major job search component: referral, assessment, job search, job club, compliance monitoring (at assessment and follow-up), and participation reporting.

One approach to estimating the cost of an activity is to determine how long it takes workers to perform the tasks associated with the activity, apply a labor wage rate based on the employee-type performing the task, and include a fringe benefit rate. This approach is used frequently in productivity studies to provide a manager with information on the base labor costs of a work task or set of work tasks.

Estimates of the amount of time required for an activity are usually derived from work measurement studies. The most reliable work measurement

studies involve direct observation of workers as they perform their daily activities. These studies not only provide estimates of the time required for the activity of interest, but also measure the amount of time staff spend on other activities, often referred to as non-direct task time. Non-direct task time can include administrative activities (fielding non-specific phone calls, filling out timesheets, attending staff meetings), other program activities, and personal time.

Because the job search program had been replaced by the employment and training program, it was not possible to conduct a work observation study. Rather, staff were interviewed as to the types of tasks they had performed in the old program and the amount of time those tasks required. These interviews yielded estimates only for direct task time. Staff cannot be expected to recall how much time was spent in non-specific activities for a program that had ceased to be operational over nine months earlier. Section 3.2 presents the results of interviews conducted with State and local job search staff regarding the amount of time required for the various program tasks in each of the four study States.

The labor costs (wages and fringe benefits) associated with the time workers spent directly performing key job search tasks are computed in Section 3.3. Two sets of costs estimates are presented:

- for each program component, the cost per person going through that job search component; and
- the cost per referral for the job search program as

The differences between the two are discussed in greater detail in Section 3.3.

In addition to direct labor, other important kinds of costs such as non-task time (worker time not specifically devoted to an individual job search task), administrative labor (management and administrative personnel), and non-labor costs (supplies, equipment, overhead). To obtain a better

time estimates (derived in Section 3.2), and program participation volume (Section 2.3). The results of this allocation are presented in Section 3.4.

#### Overview of Job Search Costs

FNS negotiated contracts with each State participating in the Job Search Program. These contracts conformed to a standard format outlined by FNS; each State, however, estimated its own level of activity, proposed a geographic coverage area and program organization, and presented a budget. Funding for Fiscal Year 1986 ranged from a low of \$20,000 in Guam to a high of \$2.9 million in California. Ten States received over \$1 million in funding for job search; on the other end of the spectrum, 15 States received less than \$300,000 for job search in 1986. Most of the remaining 15 States received between \$500,000 and \$700,000.

Total expenditures for the four States studied here totaled nearly \$2.4 million and varied widely. (Exhibit 3-1). In North Carolina, which ran job search programs in 57 counties, expenditures reached \$1.2 million. Nevada, which offered job search in 3 sites, had costs of \$236,000. (These costs reflect total billed costs only; both billed and non-billed costs are examined below in Section 3.1)

The majority of costs for the job search program were spent on direct labor and fringe benefits. In Minnesota and North Carolina, labor charges accounted for 86 to 88 percent of the program's costs; in Nevada, labor accounted for 77 percent. Nearly all of the costs billed in Kansas (96 percent) were for labor, but this divergence from the other States occurred mainly because some non-labor costs were not billed to the job search program.

The States used some resources for job search that were not reflected in their job search invoices to FNS. This mainly included local food stamp eligibility worker time to refer work registrants for job search and the time of some State-level food stamp staff. (The specific composition of these costs is presented in Exhibit 3-2.) Most of the costs for this time are counted as food stamp certification costs, which means that FNS reimburses the States for about half of the cost, as opposed to 100 percent reimbursement for charges under the job search contract. The costs were estimated to range



**EXHIBIT 3-1**  
**TOTAL INVOICED COSTS FOR JOB SEARCH, FY 1986**

<u>CATEGORY OF COST</u>	<u>KANSAS</u>		<u>MINNESOTA</u>		<u>NEVADA</u>		<u>NORTH CAROLINA</u>	
	<u>Dollars</u>	<u>Pct.</u>	<u>Dollars</u>	<u>Pct.</u>	<u>Dollars</u>	<u>Pct.</u>	<u>Dollars</u>	<u>Pct.</u>
DIRECT LABOR	\$269,584	84.4	\$458,062	73.6	\$152,000	64.4	\$ 843,210	70.8
FRINGE BENEFITS	37,742	11.8	87,366	14.0	30,843	13.1	186,424	15.7
SUPPLIES & MATERIALS	1,622	0.5	5,398	0.9	11,373	4.8	9,441	0.8
STAFF TRAVEL	2,808	0.9	4,160	0.7	1,504	0.6	1,591	0.1
EQUIPMENT	----	0.0	7,015	1.1	7,288	3.1	12,662	1.1
OTHER DIRECT CHARGES	7,500	2.3	60,543	9.7	32,937	14.0	137,651	11.6
TOTAL COSTS	\$319,256	100.0	\$622,544	100.0	\$235,945	100.0	\$1,190,979	100.0

## EXHIBIT 3-2

## COMPONENTS OF JOB SEARCH COSTS

	KANSAS		MINNESOTA		NEVADA		NORTH CAROLINA	
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE
<b>STATE LEVEL</b>								
<b>DSS FOOD STAMP STAFF</b>								
Program Supervisor	(17,992)	10.25	(14,314)	10.05	(13,070)	10.10%	(12,269)	10.10%
Other Staff	a		(1753)	10.03	--	10.15%	(11,242)	10.05%
Fringe Benefits								
Billed	--		--		--		--	
Unbilled	(1,119)		(1,013)		(545)	10.18%	(702)	10.20%
<b>JOB SEARCH STAFF</b>								
Prog Admin	24,167	1.00	12,745	0.33	6,290	0.19	24,308	1.00
JS Clerical	(15,886)	0.50	1,643	0.10	948	0.03	(12,678)	10.20
Agy Director	a		2,184	0.05	(12,500)	10.07	a	
Other Prof. Staff	a		7,800	0.25	(12,408)	10.04	42,429	d
Fringe Benefits								
Billed	3,383		5,116		1,285		14,755	
Unbilled	(824)		--		(872)		(627)	
<b>NON PERSONNEL SERVICES</b>								
Supplies, Equip	(3,000)		c		c		c	
Agency Overhead	b		c		c		c	
Rent	b		c		c		c	
Other Costs	b		a		(12,553)		c	
SUBTOTAL STATE BILLED COSTS	27,550		29,488		8,523		81,492	
SUBTOTAL STATE UNBILLED COSTS	(18,821)		(16,080)		(11,948)		(17,518)	
SUBTOTAL STATE COSTS	46,371		35,568		20,471		89,010	
<b>LOCAL LEVEL</b>								
<b>DSS FOOD STAMP STAFF</b>								
LFSA Director	(12,640)	1.01	a		a		a	
JS Coordinator	(17,260)	1.05	a		a		a	
IM/JS Super.	(19,800)	1.15	a		a		a	
Eligible Workers	(16,489)	10.40	(25,669)	11.30	(19,581)	11.40	(19,114)	13.40
Fringe Benefits								
Billed	--		--		--		--	
Unbilled	(5,066)		(5,134)		(3,478)		(7,883)	

a - not applicable

b - not charged; no estimate available

c - included in costs reported at local level

d - represents two full-time and two 10%-time positions.

e - not available; MN clerical support included with JS interview

f - agency overhead collected by billing positions at state level

Note: Bracketed figures indicate unbilled costs.

## EXHIBIT 3-2

## COMPONENTS OF JOB SEARCH COSTS--Continued

	KANSAS		MINNESOTA		NEVADA		NORTH CAROLINA	
	Dollars	FTE	Dollars	FTE	Dollars	FTE	Dollars	FTE
<u>LOCAL LEVEL (Cont.)</u>								
JOB SEARCH STAFF								
JS Coordinator	a		36,322	0.10	a		a	
JS Interviewers	199,859	11.37	390,075	15.99	148,030	6.27	776,473	38.01
Clerical Support	45,558	4.48	e		(11,388)	(0.75)	(4,018)	(0.10)
Fringe Benefits								
Billed	34,358		89,543		26,290		171,670	
Unbilled	--		--		(2,023)		(888)	
NON PERSONNEL SERVICES								
Supplies, Equip, Etc.	1,622		25,975		21,957		37,293	
Agy Overhead	b		9,593		11,974		f	
Rent	b		37,388		17,741		107,990	
Travel	2,808		4,160		1,504		1,591	
Other Costs	7,500		a		(3,644)		14,471	
SUBTOTAL LOCAL LEVEL BILLED COSTS	291,705		93,056		227,496		1,109,488	
SUBTOTAL LOCAL UNBILLED COSTS	41,255		30,803		40,114		52,203	
SUBTOTAL LOCAL LEVEL COSTS	332,960		623,859		267,610		1,161,536	
TOTAL BILLED COSTS	319,256	84.2%	622,544	94.4%	236,019	81.9%	1,190,979	95.2%
TOTAL UNBILLED COSTS	(60,076)	(15.8%)	(36,883)	(5.6%)	(52,062)	(18.1%)	(59,722)	(4.8%)
TOTAL PROGRAM COSTS	379,333	100.0%	659,427	100.0%	288,081	100.0%	1,250,710	100.0%

a - not applicable

b - not charged; no estimate available

c - included in costs reported at local level

d - represents two full-time and two 10%-time positions

e - not available; MN clerical support included with JS interviewer

f - agency overhead collected by billing positions at state level

Note: Bracketed figures indicate unbilled costs.

from about \$37,000 to \$67,000 across the four States. If these certification costs were billed to job search, they would add 5-6 percent to the costs shown in Exhibit 3-1 for Minnesota and North Carolina, 19 percent for Kansas, and 28 percent for Nevada.

### 3.1 Components of Job Search Expenditures

Costs for job search were incurred by the State Food Stamp Agency and, where applicable, its subcontractor (usually the Department of Job Services). Each agency incurred costs at both the State and local levels. Exhibit 3-2 illustrates the types of costs, their associated dollar value, and, in the case of labor, the full-time equivalent (FTE) staff committed to job search. The exhibit includes estimated costs for resources used for job search but not billed under the contract.

Within each State Agency, some staff resources were used for general oversight of the job search effort. This involved supervision of the job search subcontractor in Minnesota, Nevada, and North Carolina; in Kansas, it meant supervision of the unit responsible for implementing the job search program. The individual mainly responsible for job search oversight, designated the Program Supervisor in Exhibit 3-2, spent 5 to 25 percent of his/her time on this function. The associated costs ranged from \$2,269 in North Carolina to \$7,992 in Kansas. The Program Supervisor spent only 5 to 10 percent time on job search in Minnesota, Nevada, and North Carolina. In Kansas, perhaps because job search was not subcontracted, the Program Supervisor spent 25 percent time. Minnesota, Nevada, and North Carolina also had other staff at the State level work on job search. These staff spent a small amount of time -- 3 to 15 percent -- performing job search related activities. Much of this time was for clerical support to the Program Supervisor, although in both Minnesota and Nevada, some portion of the cost was incurred for a senior accountant. None of the four States examined here billed costs incurred by State Food Stamp Agency personnel directly to the job search program.

The four States also incurred State-level costs for the organizational unit directly responsible for the job search program; this was a subcontractor in Minnesota, Nevada and North Carolina, and a unit within the State Food Stamp Agency in Kansas. Both Kansas and North Carolina had full-

time job search Program Administrators accounting for about \$24,000 in labor costs. The Program Administrators in Minnesota and Nevada had oversight responsibilities for several programs, of which job search was one, and therefore spent significantly less time on job search. The costs to the program of these positions was about \$12,745 in Minnesota, and \$6,290 in Nevada. All four States billed these costs directly to the job search contract.

State job search staff resources included some clerical support, with costs ranging from \$1,643 in Minnesota for 10 percent time, to \$5,886 in Kansas for half-time support. Job Services agency directors had some involvement in two States (Minnesota and Nevada), with costs of \$2,184 and \$2,500, respectively. These are the two States that did not have full-time job search program administrators. In Minnesota, costs for the agency director were billed to the job search contract; this was not the case in Nevada.

Personnel at the Local Food Stamp Agency level spent some portion of their time on job search related activities, although these costs were not billed to job search in any of the four States. Eligibility workers accounted for most of the costs incurred at the LFSA level. Kansas, which had the smallest job search program, had the lowest EW costs, at \$6,489. The other three States had costs ranging from \$25,669 to \$39,414. The amount of effort expended by EWs in Kansas was equivalent to 0.4 full time positions. Minnesota and Nevada were significantly higher, having used a similar number of FTE eligibility workers (1.3 and 1.4, respectively). In North Carolina, a total of 3.4 FTE EWs performed job search functions.

With the exception of Kansas, none of the States included in this study reported that the LFSA staff other than eligibility workers spent any time on job search activities. The involvement of LFSA supervisory staff in Kansas may be attributable to two factors: first, job search was operated within the food stamp agency; and second, the reporting process was complex enough to warrant that LFSA staff provide some oversight to the Job Preparation Program staff. Oversight by the LFSA Director was minimal (one percent of his/her time). The EW supervisor was estimated to have spent approximately 15 percent of his/her time in job search oversight. This translates into costs of \$19,800 across all the job search offices. Another

LFSA staff worker served as the job search program coordinator, providing 5 percent of his/her time to oversee and coordinate job search staff. The cost of these positions totaled across job search sites was estimated at \$7,260.

Local level job search staff costs were the largest component of total costs in all four States, consistently accounting for over 60 percent of all job search expenditures. As one could expect, job search interviewers accounted for the greatest single cost, ranging from \$199,859 in Kansas to \$776,473 in North Carolina. All four States also used some clerical support in their job search offices. In Kansas, the clerical support effort, which cost the program \$45,558, represented one full time position in each office. Nevada had one volunteer work 75 percent time; had she been paid, the cost of that support would have been \$11,388. Three job search offices in North Carolina relied on 10 percent of their clerk's time to help with job search activities. The cost of this support time (\$4,018) was absorbed by the Employment Security Commission.

### 3.2 Time Spent Per Recipient Participating in Each Program Activity

Total cost figures and line item breakdowns provide only the first step toward understanding cross-State variations. For this purpose, it is more useful to compare costs for particular job search functions, such as referral, assessment, and job search support.

Data on costs by function, however, were not readily available. FNS did not require accounting of costs by major job search function and States apparently have not found such accounting necessary for their own management purposes. The States we visited therefore did not accrue billable costs on a function-by-function basis. And because the persons who performed the job search assessments were typically the same workers who ran the job club, monitored compliance and prepared the monthly reports, one cannot ascertain from labor charges what resources were devoted to each function.

As noted earlier, between 64 and 84 percent of job search costs are for labor. In the absence of function-specific cost accounts, one way to apportion costs by function would be to design and conduct a time study, using random moment observation or some related technique to measure the labor resources allocated to each function. While direct measurement is the most desirable methodology, it was not possible given the retrospective nature of

this study. Therefore, time estimates were based on interviews with State and local staff who had worked in the job search program.

Interview respondents were asked to define the activities performed for a recipient flowing through each job search function; to estimate the amount of time required, on average, to perform the activity; to define the group of recipients for whom the activity would be performed; and to identify the type(s) of workers typically executing the activity. Exhibit 3-3 presents the average staff time required to provide one unit of service for those receiving the service. It should be noted that if a respondent estimated an activity time as a range (e.g., 10 to 15 minutes), we used the midpoint of the range. Also, staff time for group activities was divided by the number of staff and clients in a group; for example, if a group meeting run by two workers lasted one hour and was attended by 10 people, staff time was estimated to be three minutes per client.

Referral. The referral process took place at the LFSA. Food Stamp Eligibility Workers (EW) would determine whether member(s) of a potential food stamp case were required to participate in the job search program; if so, the EW would typically forward the names to the job search program office. The time eligibility workers or intake interviewers spent making a referral ranged from a low of 2 to 4 minutes per work registrant (Minnesota and Nevada) to a high of 8 to 10 minutes (Kansas and North Carolina). The time differential may be attributable in large measure to the amount of time eligibility staff spent explaining the job search requirements to the food stamp applicant. The staff interviewed in Minnesota and Nevada remembered that explanation time as being insignificant, indicating that the 2-4 minutes was devoted to completing the necessary referral forms.

Assessment and Assignment. Assessment and assignment activities included scheduling appointments, conducting group orientation sessions (except in North Carolina), conducting individual assessments, and assigning the registrant into one of three categories: job ready; temporarily not job ready; and exempt. All referrals who showed up for scheduled appointments were assessed.

Group meetings ranged in length from 20 minutes in Kansas to a full hour in Nevada. Minnesota's group meetings lasted 30 minutes. The size of

**EXHIBIT 3-3**

**JOB SEARCH ACTIVITY TIMES PER INCIDENT,  
BY MAJOR ACTIVITY (IN MINUTES)**

ACTIVITY	KANSAS	MINNESOTA	NEVADA	NORTH CAROLINA
REFERRAL	8.0	2.0	4.0	10.0
ASSESSMENT/ASSIGNMENT				
--Group Orientation				
Duration	20.0	30.0	60.0	a
No. Participants	5.0	10.0	30.0	
No. Staff	2.0	1.0	1.0	
Avg. Time per Client	8.0	3.0	2.0	
--Individual Assessment	20.0	15.0	12.5	45.0
Percent Receiving	100%	100%	20%	100%
Avg. Time per Client	20.0	15.0	2.5	45.0
--Clerical Work	10.0	2.0	3.0	9.0
TOTAL ASSESS TIME	38	20	7.5	54
SERVICE				
--Job Search/Counseling	75.0	30.0	30.0	30.0
--Job Club		a		
Duration	1,260.0	a	1,200.0	480.0
No. Participants	15.7		20.0	8.0
No. Staff	2.0		1.0	1.0
Avg. Time per Client	160.7		60.0	60.0
Other Services <sup>b</sup>	90.8	a	a	a
Total Job Club Time	251.5		60.0	60.0
TOTAL SERVICE TIME	326.5	30.0	90.0	90.0
COMPLIANCE MONITORING				
--Assessment	4.0	5.0	4.0	6.0
--Follow-Up (per notice)	5.0	9.0	4.0	6.0
--Notice to LFSA	4.0	5.0	2.0	6.0
--Disqualification Process				
Notice of Adverse Action	4	6	10	20
Disqualification Hearing	90	60	c	70
TOTAL DISQUAL. TIME	94	66	10	90
MONTHLY PARTICIPATION REPORTING				
--No. Local Offices	5.5	9	3	57
--Total Local Office Time	6,600	540	0	8,550
--State Level	30	60	60	1,440
Total Reporting Time	6,630	600	60	9,990
AVG. TIME PER LOCAL OFFICE	1,205	67	20	175

a - Not applicable; service not provided

b - Time for other services weighted by number of job club participants.

c - Nevada reported holding no disqualification hearings, therefore, no time estimated provided.



the groups varied greatly. Kansas ran relatively small groups, with an average of 5 clients each, while Minnesota's groups generally consisted of 10 persons. Nevada, by comparison, held very large group meetings, with an average of 30 clients each. Not all group participants were new referrals; a portion of each group consisted of job search participants returning for their follow-up interviews.

In Nevada, an individual interview lasted approximately 10-15 minutes, but was conducted only for those clients who requested it; workers estimate that 20 percent sought out such an interview. As a result, even though an interview lasted 12.5 minutes for all who requested it, staff spent an average of just 2.5 minutes per client assessed in an individual interview. Between the individual and group meetings, and the documentation and mailings, staff spent an average of only 7.5 minutes on assessment activities for each client assessed.

The greatest amount of time spent in assessment was in North Carolina, which did not use a group session. In addition to the 20 minutes required to administer the assessment, job search staff spent an additional 15-35 minutes explaining job search requirements and/or making referrals (to training programs, jobs, other social services, etc.) The amount of time spent on this was dependent upon the client's assignment category. On average, staff spent 54 minutes per client.

Kansas and Minnesota followed similar routines in the assessment process, although Kansas' efforts required almost 20 more staff minutes per client. The difference comes from several factors. Kansas held 20-minute group sessions with 5 clients each, and the session was run by 2 staff members; in Minnesota, one staff person oriented an average of 10 clients in a 30-minute session. The one-on-one interview in Kansas lasted 20 minutes, as opposed to 15 minutes in Minnesota. Finally, Kansas used more clerical time, on average, than Minnesota.

Job Services. The States visited varied in the types and amount of services delivered to job search participants. All four States reported they provided job counseling services, although they typically provided this service as part of the regular assessment interview and/or follow-up interviews. During these follow-up interviews, staff would review the

progress participants were making, collect job search contact information, and provide counseling/encouragement on an as-needed basis.

The interviews generally averaged 15 minutes each, or 30 minutes total for the 4- and 8-week reviews. The exception was Kansas. The local job search staff estimated that participants received 1-1½ hours of counseling over the eight week job search period. Each time clients came in for their follow-up interview, they received job counseling services, which accounted for the major portion of the time provided each client. Staff were not able to break out the time spent for follow-up from that devoted to counseling.

Nevada job search participants were given two options to fulfill their follow-up interview requirements. They could attend a group meeting (which lasted one hour) or request an individual meeting with the job search caseworker (which typically lasted 15 minutes). Most clients preferred the individual interview (an estimated 75 percent); the one-hour group meetings also served as the assessment/orientation meeting.

Three of the four States offered a job club service to selected job search participants. Job search workers would try to identify those clients they felt needed the assistance in seeking employment that job club could provide. Nevada and Kansas offered 20- and 21-hour long job clubs over a number of days (five and seven, respectively). Club meetings lasted 4 hours in Nevada, 3 hours in Kansas. Group size in Nevada averaged 20 participants; Kansas clubs averaged 16 participants. Staff time spent in job club was, on average, one hour per client in Nevada, and 2.7 hours in Kansas. The job clubs operated in Kansas were more labor intensive because they were operated by two staff members (thus making it a 42 person-hour endeavor).

Kansas provided other services as part of the job club. Once a participant completed the group job club, staff would follow up after 30, 60, and 90 days to monitor progress in finding and/or holding a job. Clerical staff were made available to type resumes. In addition, staff would make home visits to past participants who could not be reached by telephone to deliver messages from prospective employers who called to the job bank. These additional services could add up to over 3 hours for a participant who received them (the home visits accounted for 2.5 hours of this time).

The job clubs operated in North Carolina were one-day, eight-hour sessions attended by an average of 8 people. As a result, staff time averaged one hour per participant.

Noncompliance- Notifications. States were required to monitor job search participants' compliance with program requirements, and report to the local food stamp agency the names of those who failed to comply. Unless the noncompliant individuals demonstrated good cause, they would be disqualified from participating in the Food Stamp program for two months.

In the four States studied, 34 to 47 percent of referrals failed to show up for their scheduled assessment. Staff spent from 4 to 6 minutes identifying these noncompliant individuals and sending out notices and, where appropriate, notifying the LFSA.

The other major form of non-compliance occurred among recipients who had been assigned to job search. A job search entrant would be found noncompliant for failure to appear for a follow-up interview or to complete the required 24 job contacts. It is not possible to determine how many individuals received notices of non-compliance, because clients could receive more than one notice and States did not distinguish between first-time and repeat offenders in tallying their numbers. Time spent in monitoring compliance (i.e., sending out notices) for those who entered job search typically ranged from 4 to 9 minutes for each notice sent.

If the client could not demonstrate good cause, or did not respond to the notice in the required time frame, staff would then send a notice to the LFSA. This action took 2 to 6 minutes of staff time.

At this point, the disqualification procedures began. The LFSA staff would send out a final notice of adverse action, threatening to discontinue food stamp benefits, an activity that required 4 to 6 minutes in Kansas and Minnesota and 10 to 20 minutes in Nevada and North Carolina. North Carolina reported that workers would spend considerable time documenting and verifying the notices sent out to clients, which would account for the high time estimates.

Clients who wished to appeal the disqualification order would be granted an administrative hearing. The hearings, generally attended by the eligibility caseworker and the job search worker, lasted 30 to 35 minutes, and

Participation Reports. The final job search function, preparation of monthly participation reports, was typically a two-step process. The local agencies would prepare a report of participant activities and submit it to the State job search program coordinator, who would then compile a Statewide report. This compiled report was then submitted, along with an invoice, to the job search contract monitor at the State, who would send it along to FNS.

Local job search staff in Nevada spent no time directly preparing monthly activity reports. The system in Nevada was computerized; staff documented client activity on a Food Stamp Applicant/Job Order Transaction form which was then entered into the State computer system. As a result, it

took a total of one hour of staff time to generate the monthly activity report. It took one hour of State staff time in Minnesota to compile the monthly reports. Staff in Kansas estimate that only 30 minutes were required to assemble the reports from the local offices. State staff in North Carolina spent the greatest amount of time, 24 person hours, preparing the participa-

### 3.3 Wage Rates

Cross-State variations in job search costs result not only from the amount of time spent in the function, but also from the wages paid to staff and the mix of worker types used to carry out a function. This section first examines the extent to which the four study States vary in the wages and fringe benefits paid to workers with comparable titles. It then takes account of the States' decisions about which types of worker would be involved in performing each task, showing the weighted average wage rates that result from each State's mix of workers.

Wage Rates. Compensation rates by worker type are shown for the four States in Exhibit 3-4. Although most of the cross-State wage differences were not severe, they were large enough to contribute significantly to differences in the cost of the job search program. Consider, for example, the category of job search interviewers, who account for most of the program's cost in all four States. Minnesota's wage level of \$11.73 per hour is 21 percent higher than the Kansas' rate of \$9.68; when fringe benefits are taken into account, Minnesota's compensation rate is 29 percent higher than that in Kansas.

Wage Rates Reflecting Worker Mix. The potential effect of different wage rates may be altered by the mix of worker types the States used to carry out a particular function. In three of the four States, a mix of personnel performed most job search functions. The consistent exception is referrals, where eligibility workers were the sole worker type involved.

To take this mixing into account, Exhibit 3-5 shows the weighted average hourly wage rate for each of the major job search functions. The wage rates were weighted by the proportion of time contributed by each worker type for a given component. For example, in Kansas, Job Search Social Workers (Interviewers) earned an average of \$9.68 per hour, clerical support earned \$4.89 per hour. The two worker types participated equally in the monitoring tasks for assessment and follow-ups, resulting in a weighted wage rate of \$7.29 per hour. (See Appendix C for distribution of worker type by function for all four States.)

When the staff mix was taken into account, the disparities in labor cost rates across the four States became quite pronounced. For example,

**EXHIBIT 3-4**

**HOURLY WAGE RATE OF JOB SEARCH PROGRAM PERSONNEL  
(FY 1986)**

	<u>KANSAS</u>	<u>MINNESOTA</u>	<u>NEVADA</u>	<u>NORTH CAROLINA</u>
<u>Food Stamp Agency</u>				
Job Search Coordinator	a	\$13.85	\$15.35	\$10.90
Eligibility Worker	\$8.35	9.20	11.35	5.58
Clerk	a	a	a	4.33
Fringe Benefit Rate	14%	20%	17.76%	20%
<u>Job Search Agency</u>				
Program Coordinator	11.62	18.40	17.68	11.64
Job Search Workers				
Program Specialist	a	15.00	a	a
Interviewers	9.68	11.73	11.35	9.82
Program Technician	7.22	a	a	a
Clerical Support	4.89	8.72	7.30	a
Fringe Benefit Rate	14%	21%	17.76%	22.1%

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a - Not applicable; staff type not used.

**EXHIBIT 3-5**

**HOURLY LABOR RATE REFLECTING WORKER MIX,  
BY JOB SEARCH COMPONENT<sup>1</sup>**

<u>COMPONENT</u>	<u>KANSAS</u>	<u>MINNESOTA</u>	<u>NEVADA</u>	<u>NORTH CAROLINA</u>
Referral	\$ 8.35	\$ 9.20	\$11.35	\$ 5.58
Assessment	7.06	13.87	11.35	9.82
Job Search	8.45	15.00	11.35	9.82
Job Club	7.93	--	11.35	9.82
Monitoring				
-- Assessment	7.29	11.86	11.35	9.82
-- Follow-up	7.29	11.86	11.35	9.82
-- Disqualification	8.39	9.23	11.35	7.23
Reporting	8.11	15.62	13.75	6.45

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<sup>1</sup> Average wages weighted by the number of minutes spent by each worker type to perform the function one time. Fringe benefits are not included.

weighted average wage rates for the assessment function, which tended to account for the largest single share of program costs, varied by almost a factor of two: Minnesota's rate was 96 percent higher than that in Kansas. Not only did Minnesota pay higher wages, but also the assessments in Minnesota were performed by a mix of interviewers and more expensive program specialists, while Kansas combined interviewers with less expensive technicians and clerical staff for this task. In general, the weighted wage rates in Minnesota and Nevada were higher for any given function than the rates in Kansas and North Carolina.

#### 3.4 Unit Labor Cost for Job Search Components

The last two sections have shown how much staff time was required for each recipient participating in a job search component and the wage rates associated with that staff time. This section combines the two factors to show the four States' unit labor cost for each program component.

Two types of unit cost figures are presented. First we calculate the unit cost of each component per recipient participating in the component. This allows a direct comparison of the four States in terms of how much they spent to process a recipient through each part of the job search program.

Not all recipients who were referred to the job search program participated in every component, however. As noted in Chapter 2, referred recipients might fail to appear for assessment or might exit the job search program at any stage.

It is often useful for planning purposes to have a unit cost measure that incorporates these participation-related factors as well as the cost of providing each service to the people who actually receive it. Accordingly, the second part of this section presents the unit cost of each program component per referral. That is, rather than dividing the cost of the component by the number of people who participate in it, we divide each component's cost by the total number of recipients referred to the job search program.

The cost figures presented in this section count only labor costs, and only that part of labor cost that results from time directly spent in



performing the key job search tasks. The cost of other labor time as well as non-labor costs are considered in Section 3.5.

Labor Costs Per Person Participating in a Job Search Component.

Exhibit 3-6 presents the total labor cost per unit of service, including fringe benefits, for each job search function. These costs represent the dollar value of providing one unit of service to anyone receiving that service. For example, costs for job club reflect the total labor effort devoted to providing job club for each job club entrant, assessment costs reflect the total labor costs of conducting a single assessment, etc.

Referral costs ranged from a low of \$0.37 in Minnesota (for 2 minutes of effort) to a high of \$1.27 in Kansas (where referral efforts averaged 8 minutes per work registrant). Even though North Carolina's eligibility workers spent the greatest amount of time performing job search referral activities (10 minutes), the lower wage rates in that State made referral costs average \$0.99 per work registrant.

The labor costs for assessment ranged from \$1.66 in Nevada to \$10.99 in North Carolina. The Nevada estimate is the weighted average of costs for all clients assessed, based on the proportion who receive group and individual assessments. The low cost is driven by the low staff/client ratio in the group sessions. Kansas and Minnesota have similar assessment costs (\$5.42 and \$5.56) even though Kansas' assessment process requires almost twice as much time as Minnesota (38 versus 20 minutes). This is a reflection of labor rates and worker mix. The Kansas job search sites supplemented their employment specialists with program technicians, who earned 25 percent less per hour (\$9.68 versus \$7.22). In addition, an office clerk, who was paid less than \$5.00 per hour, accounted for 10 of the 38 minutes of staff resources devoted to assessment.

The 30 minutes spent conducting the 4- and 8-week follow-up interviews in Nevada, North Carolina and Minnesota cost \$5.24, \$7.67, and \$9.08, respectively. This variation was due partly to wage differentials. Minnesota and North Carolina each spent 30 minutes per compliant client in follow-up interviews; Nevada staff spent about 20 percent less time (23 minutes). Kansas job search workers estimated that all job search participants received 1 to 1.5 hours (or 75 minutes, on average) of job counseling and follow-up interviews. This cost \$12.04 per job search entrant.

**EXHIBIT 3-6**

**LABOR COSTS PER RECIPIENT PARTICIPATING IN EACH JOB SEARCH ACTIVITY**

<b>COMPONENT</b>	<b>KANSAS</b>	<b>MINNESOTA</b>	<b>NEVADA</b>	<b>NORTH CAROLINA</b>
<b>REFERRAL (per referral)</b>	\$1.27	\$0.37	\$0.89	\$0.99
<b>ASSESS (per client assessed)</b>	\$5.42	\$5.56	\$1.66	\$10.99
<b>JOB SERVICE</b>				
-JS FOLLOW-UP INT/COUNSELING (per compliant client)	\$12.04	\$9.08	\$5.24	\$7.67
-JOB CLUB (per job club entrant)	\$36.09	a	\$13.37	\$11.99
<b>NONCOMPLIANCE NOTIFICATION</b>				
-ASSESS (per noncomplaint referral)	\$0.55	\$1.20	\$0.89	\$1.20
-FOL-UPS (per noncompliant notice)	\$0.69	\$2.15	\$0.89	\$1.20
-TO DSS (per noncompliant referral/ client)	\$0.55	\$1.20	\$0.45	\$1.20
-DISQUALIFICATION (per case heard)	\$15.62	\$19.18	\$2.67	\$13.24
<b>REPORTING</b>				
-LOCAL OFFICE (per office per month)	\$184.54	\$18.15	\$0.00	\$29.98
-STATE OFFICE (per month)	\$6.62	\$36.30	\$16.19	\$341.12

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a - Not applicable; Minnesota did not operate a job club.

Job club is a comparatively labor intensive service. The per capita labor allocation to job club in North Carolina and Nevada was one hour per participant. In these two States, job club cost \$12-\$13 in labor. The cost of job club in Kansas reached \$36.09 per club entrant. This figure includes the cost of home visits, which occurred infrequently but consumed considerable time when they happened. Even excluding home visits costs, however, job club in Kansas was more expensive, totaling \$29.05.

The costs of compliance monitoring, on a per capita basis, were small. The range in time differences was quite narrow for monitoring activities associated with persons noncompliant at the time of assessment (4-6 minutes). The costs ranged from \$0.55 in Kansas (4 minutes) to \$1.20 in North Carolina (6 minutes). Nevada's costs fell in the middle of the range (\$0.89 for 4 minutes), while Minnesota's 5 minutes were \$1.20 per noncompliant individual.

The costs for non-compliance at follow-up reflect efforts of notifying the client at either the 4 or 8 week interval, but not both. In Kansas and Nevada these costs averaged less than one dollar (69-89 cents); in North Carolina costs averaged \$1.20 which was still substantially lower than Minnesota. Minnesota costs of \$2.15 were based on a time estimate of 9 minutes per notice, markedly higher than the other States. Typically the larger Minnesota sites waited until the end of the eight-week period before sending out any notices, which may have required more labor to track case status.

The costs of monthly participation reporting at the State and local offices varied dramatically across the four States. In North Carolina, staff at each of the 57 local offices spent 2-3 hours per month preparing the participation reports, at an average cost of \$29.98. The State program coordinator would then spend 24 person hours compiling the various reports into one activity report; his effort cost the program \$341 each month. Each Kansas site spent an average of 20 hours or \$185 each month in staff resources preparing the State's required monthly report. The State program coordinator spent only 30 minutes each month compiling all the site reports so the cost of her efforts was a minimal \$6.62 per month. In Minnesota, where the job search staff kept weekly activity totals, the local sites' monthly reporting costs were estimated to be \$18.15; State efforts cost \$36.30 per month. Nevada

incurred no cost for report preparation at the local level, as the process was computer-generated at the State offices. Total labor costs for this effort were therefore only \$16.19 per month.

Labor Costs Per Referral. The unit labor costs presented above reflect the cost per person participating in a given component of the job search program. This is a useful perspective for comparing the way the four States operate the separate components. To compare overall costs of the job search program, however, the unit costs for the various components must all be expressed in terms of a common denominator.

Exhibit 3-7 therefore presents costs in terms of the total number of people affected by the job search program -- i.e., the labor cost per referral for each of the major job search components. Each component's cost thus takes into account both the unit cost per component and the participation rate (the proportion of all people referred who actually participate in the component).

The exhibit shows that Nevada reported the lowest overall labor cost per referral, at \$5.18. In part, this occurs because Nevada's unit costs per participant were the lowest for several components. However, Nevada also had a relatively low proportion of referred recipients participating in subsequent components, which further reduced the cost per referral. For example, job club costs per participating recipient were somewhat higher in Nevada than in North Carolina; but few referred recipients participated in Nevada's job club, so that State's job club costs per referral were only one-fifth of North Carolina's.

The same factors operated in the opposite direction to make Kansas' cost per referral the highest of the four States, at \$20.02. Kansas spent more than Nevada or North Carolina on each job club participant (about three times as much). In addition, a much higher proportion of referrals participated in Kansas job clubs than in the other two States. As a result, Kansas' job club costs per referral were 25 times North Carolina's, and over 138 times as high as Nevada's.

Across the four States, the most costly components of the job search program tended to be assessment and service. Assessment costs were lower per

**EXHIBIT 3-7**

**LABOR COSTS PER REFERRAL, IN TOTAL AND  
BY JOB SEARCH COMPONENT**

<u>COMPONENT</u>	<u>KANSAS</u>	<u>MINNESOTA</u>	<u>NEVADA</u>	<u>NORTH CAROLINA</u>
REFERRAL	\$1.27	\$0.37	\$0.89	\$0.99
ASSESSMENT	\$3.43	\$3.23	\$0.90	\$8.06
SERVICE				
--Job Search Follow-Up	\$3.36	\$0.79	\$1.29	\$2.48
--Job Club	\$8.28	a	\$0.06	\$0.33
COMPLIANCE NOTIFICATION				
--Assessment Noncompliance	\$0.25	\$0.56	\$0.41	\$0.34
--Follow-Up Noncompliance	\$0.18	\$0.44	\$0.14	\$0.24
--Notification to DSS	\$0.19	\$0.31	\$0.25	\$0.36
--Disqualifications/Hearings	\$0.15	\$0.59	\$1.24	\$0.82
PARTICIPATION REPORTING	\$2.48	\$0.07	\$0.02	\$0.89
TOTAL	\$20.02	\$6.35	\$5.18	\$14.51

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a - Not applicable; service not provided.

participant than service costs, but because many people who were assessed never participated in subsequent components, assessment was the largest single cost per referral in two of the four States.

### 3.5 Distribution of Total Costs by Job Search Component

The costs presented above reflect only direct task time -- that is, the time that workers actually spend performing the five major job search functions. Thus the totals shown in Exhibit 3-7 do not represent the full cost of administering the job search program. Although direct task time is the driving factor in determining job search costs, other kinds of costs also exist. These include:

- time for other tasks -- worker time not specifically devoted to the above tasks, such as time spent in staff meetings, training, general office work, or down time;
- administrative labor -- costs for persons in management and administrative roles; and
- non-labor costs -- costs for non-personnel services such as supplies, equipment, rent, etc.

Most of these costs are not measured in terms that pertain directly to the five major job search functions. Only a few costs that are separately measured in the States' accounting systems can clearly be attributed to particular functions (examples are eligibility worker time and State-level staff time for participation reporting). To obtain a perspective on the total cost of each function, then, it is necessary to allocate all other costs on the basis of some other criterion. The proportional distribution of direct task labor cost is the main basis for allocating other costs. That is, most costs that can only be measured for the job search program as a whole are allocated proportionately among the functions. The allocation procedure is described in Appendix D.

Direct task time, as estimated by our respondents, accounted for less than half of the total time of the people performing the job search functions. Direct task labor costs ranged from 28 percent of total non-

administrative labor costs in Nevada to 46 percent in Minnesota, as shown in Exhibit 3-8.

The substantial difference between direct task time and total non-administrative time resulted in part from the methodology used in this study. When individuals were asked to estimate the amount of time required for a work readiness assessment, for example, they may have underestimated the time slightly because they were likely to focus on the central event (in this case, the interview) and forgot to include ancillary tasks such as locating and reading the file in preparation for the interview or filling out forms afterward. Even without this measurement problem, however, work measurement studies in welfare offices have generally shown that a substantial portion of a worker's time -- often 25 to 50 percent -- cannot readily be linked to particular case management tasks.<sup>1</sup> Thus, the results above are consistent with what might be expected, given the methodology used here.

Direct task labor, together with the unallocable portion of these workers' time, accounted for 76 to 83 percent of the total resources used by the job search programs in the four States. The remaining costs were split between administrative labor (e.g., for the State-level personnel responsible for supervising the job search program) and non-labor costs.

Administrative and non-labor costs varied substantially across the four States, with the variation apparently reflecting organizational choices and accounting conventions rather than the approach to job search. Thus, administrative labor amounted to 20 percent of total costs in Kansas, while non-labor costs were only 4 percent. In contrast, North Carolina's administrative labor costs were 7 percent of the total, while non-labor costs were 13 percent.

When all of these costs are counted, total job search costs were seen to be three to four times as great as the direct task time costs. Thus,

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<sup>1</sup> See for example, Donna D. Warner and William L. Hamilton, Effects on Administrative Cost of Monthly Reporting in Massachusetts. Cambridge, MA: Abt Associates Inc., 1984 or Donna D. Warner et al., The Effects of Monthly Reporting on AFDC Administrative Costs in Illinois. Cambridge, MA: Abt Associates Inc., 1985.

**EXHIBIT 3-8**

**COMPONENTS OF TOTAL JOB SEARCH COSTS**

COSTS	KANSAS		MINNESOTA		NEVADA		NORTH CAROLINA	
	DOLLARS	PERCENT	DOLLARS	PERCENT	DOLLARS	PERCENT	DOLLARS	PERCENT
All Direct Task Time	98,471	25.96%	250,910	38.05%	56,279	19.54%	404,347	32.33%
Unallocated Time (Local Office)	188,711	49.75%	296,018	44.89%	141,294	49.05%	595,366	47.60%
Total Non-Administrative Labor	287,182	75.71%	546,928	82.94%	197,573	68.58%	999,713	79.93%
Administrative Labor	77,221	20.36%	35,383	5.37%	31,135	10.81%	89,643	7.17%
Non-Labor Costs	14,930	3.94%	77,116	11.69%	59,373	20.61%	161,345	12.90%
Total Job Search Costs <sup>a</sup>	379,333	100.00%	659,427	100.00%	288,081	100.00%	1,250,701	100.00%

<sup>a</sup> Includes unbilled as well as invoiced costs.



the total costs per referral ranged from \$20.31 to \$77.12 (Exhibit 3-9), compared to the \$5.18 to \$20.02 range of direct labor costs seen earlier (Exhibit 3-7). Similar relationships exist between the unit labor costs and total labor costs for the individual job search functions.

#### 4.0 SUMMARY AND CONCLUSIONS

The data from this study point out many differences between the job search programs operated in the four study States. Total program cost in each state was the most obvious difference. The reported costs of job search in the four states during FY1986 ranged from \$319,256 up to \$1,190,979. If costs which were unbilled to the program were included, total costs ranged from \$379,333 to \$1.25 million. Not surprisingly, a main factor in the wide variation in total costs was attributable to operating scale -- the number of counties included, the size of the food stamp caseload covered, and the subsequent number of referrals to job search. But size alone did not explain the difference. When we divided total costs by the number of recipients referred to the program for participation, costs ranged from \$20 to \$77 per referral -- a ratio of nearly 4:1 even after accounting for operating scale.

The data presented in Chapter 3 have shown that virtually all components of cost vary across the states, including the choice of services to provide, the intensity of service (as measured by the amount of staff time devoted to the service), the nature of the staff assigned to program tasks, staff wages, costs other than direct staff time, and participation rates (the number of persons for whom a function has to be performed). In this chapter, we have first provided a perspective on the importance of these sources of variation, and then suggest a procedure by which the data obtained here can be used to establish a benchmark measure for evaluating costs of job search activities in the Food Stamp Employment and Training Program (FSETP).

#### 4.1 Relative Importance of Sources of Variation

The analysis of costs in four job search states has identified four major sources of cost variation:

- Service design of the individual job search components, as measured by the amount of staff time required to deliver a service and the types of services provided (e.g., group orientation, individual assessments, job club)
- Staff mix, defined as the type and proportional distribution of staff responsible for executing job search tasks and their associated wages

- Participation rates, as measured by the proportion of referrals for whom job search functions are performed
- Other cost factors, such as non-direct task time, administrative labor costs, and non-personnel costs

Which of these factors has the greatest influence on job search costs? To obtain a perspective on the importance of these sources of variation, it is useful to construct some type of summary statistic.

One such summary statistic is the ratio of maximum to minimum values for each factor for the individual job search components. This is best illustrated by example. The State reporting the greatest expenditure of staff time for the referral function was North Carolina, at 10 minutes per client referred. Minnesota, on the other hand, reported the least amount of time, at 2 minutes. Thus, North Carolina reported spending five times as much time as Minnesota in referring a recipient, a maximum/minimum ratio of 5.0.

We continue the referral example by turning to the issue of wage levels and staff mix. Referral was performed by eligibility workers in all four study States. Nevada paid the highest eligibility worker wages, at \$11.35 per hour plus a 17.76 percent fringe benefit rate. North Carolina's compensation was the lowest, at \$5.58 plus 20 percent for fringe benefits. The Nevada/North Carolina comparison yields a maximum/minimum ratio of 2.0.

A comparison of these two maximum/minimum ratios leads us to conclude that service design contributed more to the variation in referral cost than did wage levels and staff mix.

In an effort to facilitate such comparisons, we define unit costs for each job search program component in the following terms:

$$UC_i = SD_i * WS_i * OC_i * PR_i$$

where

$UC_i$  = the unit cost (per referral) for component i

$SD_i$  = the service design, represented in the number of minutes of staff time required to perform the necessary tasks for a single client who participates in component "i"

$WS_i$  = the wage and staff mix, measured as a weighted average of the State's wage and fringe benefit rate for each worker type, weighted by the porportion of staff time for component i

$OC_i$  = a factor representing unallocated time, administrative labor, and non-personnel costs; this factor is obtained by dividing the total cost for component i by the direct task labor cost (for example, by dividing an entry in Exhibit 3-9 by the corresponding entry in Exhibit 3-7)

$PR_i$  = the participation rate for component i, that is, the number of recipients who directly participate in component i as a percentage of all those referred to the job search program

Given this relationship among the various sources of cost variation, the interpretation of the maximum/minimum ratios is relatively straightforward. If all other factors in the equation are held constant, a change in any one factor causes a proportional change in unit costs. If North Carolina uses 5 times as much staff time as Minnesota for referral, and if all other factors are equal, North Carolina's cost per referral will be 5 times as great as Minnesota's. The maximum/minimum ratios for service design and wage/staff mix discussed earlier indicate that, other things being equal, variations in service design could cause unit costs to vary by a factor of 5 from one State to the next, while the observed variations in wage and staff mix would cause smaller differences in unit cost (a factor of only 2).

Exhibit 4-1 presents the maximum/minimum ratios for each of the four

**EXHIBIT 4-1**

**INDEX OF IMPORTANCE OF MAJOR FACTORS INFLUENCING COST VARIATION**

	<u>REFERRAL</u>	<u>ASSESSMENT</u>	<u>SERVICE</u>	<u>COMPLIANCE MONITORING</u>	<u>PARTICIPATION REPORTING</u>
Service Design	5.00	7.20	10.88	1.30	60.25
Wages and Staff Mix	2.03	1.96	1.78	1.48	2.13
Other Costs	1.16	2.19	3.19	1.98	3.99
Participation	n/a	1.24	1.66	2.64	7.38
(Percent of total cost) (2%)		(36%)	(41%)	(14%)	(7%)

Note: Figures in cells are ratios of maximum to minimum values among the four study States.

n/a - Not applicable

per office per month. Thus, referrals received 54 minutes of individual attention at referral. Nevada, on the other hand, conducted the majority of their assessments in a group setting; only an estimated 20 percent of referrals requested an individual meeting with a job search assessor. Each of the three job search offices in Nevada received an average of 300 referrals per month (based on 1986 referrals of 10,829), so group sessions were generally large.

Variations in service design for the job service component were exemplified by Kansas and Minnesota, the maximum and minimum states, respectively. Minnesota did not offer job club; job service consisted of 2 15-minute follow-up interviews at which job search staff monitored the progress of the job search entrants. Kansas provided up to 5.4 hours of service which included two intensive follow-up interviews, lasting on average 30-45 minutes each and job club. The job clubs were supervised by two staff members; and in addition to being taught job seeking skills, participants received other staff services. The result was that staff devoted an average of 4.18 hours per job club participant. When added to the 75 minutes for job counseling, job search entrants could receive 5.4 hours of staff resources (326.5 minutes) -- over 10 times as many resources as a job search entrant in Minnesota.

The variation in costs influenced by factors included in the "other" category was not trivial, as the maximum/minimum ratio was over 2 and 3 for assessment and service. One implication of this finding is that differences in States' bureaucratic structure and their accounting practices cause important variation in job search costs even when program activities are substantially similar. However, it should be noted that costs that have been included in the "other" category are, to some degree, a result of the limitations of the study methodology employed. Had we been able to measure more tasks more precisely, some of the costs associated with "other," most notably the unallocated time at the local office level, would be included in service design. This refinement of the cost allocation could alter the level of variation in both service design and "other costs, but we have no basis for predicting whether the variation would be increased or reduced. The proportion of unallocated time is also reflective of variations in how offices

are structured and managed, e.g., how much time staff spend in strictly administrative tasks, how much "down time" exists.

While wage and staff mix do contribute importantly to cost variations, resulting in differences of nearly a factor of two in assessment and service, their influence is small when compared to service design. Participation rates make a relatively small difference compared to the other factors influencing costs, but variations in participation rates could nonetheless cause one State's costs to be half again as great as another State's.

Given the magnitude of these component differences, one might expect that the overall cost per referral would vary by a factor much greater than 4 (\$20.31 vs. \$77.12). The reason it did not, of course, is that no State was on the high end for all factors at once. The State with the most staff-intensive service design may deliberately compensate by using less costly staff; the balancing may also occur through essentially uncontrollable factors such as participation rates or wage rates.

#### 4.2 Estimating "Benchmark" Costs

The Food Stamp Employment and Training Program (FSETP) is similar in many respects to the previous job search program; thus cost data compiled in this study may be useful in developing benchmark estimates of operating costs. The logic of developing such a benchmark follows the structure of the equation presented in Section 4.1. Cost is estimated separately for each of the five major job search components. For each component, one must select an appropriate value for staff time (i.e., service design), wage level and staff mix, other costs and participation rate. These factors are multiplied to yield a total estimated cost per referral for the component. Costs per referral for each component are then summed into an overall cost per recipient referred to the program.

Appendix G presents the data obtained during this study organized in such a way as to support such benchmark estimations. For each of the five program components (and in some cases for sub-components), the Appendix tables show the key elements that determine the cost and the range of values observed in the four study States. The observed values are ranked from lowest to

highest to make the range clear. A median value has been inserted for each element to allow a "middle of the road" choice.

Choosing the median value for every entry would yield a total cost of \$31.09 per recipient referred for assessment, as illustrated in Exhibit 4-2. The actual totals in the four study States were \$20.31 (Minnesota), \$26.61 (Nevada), \$44.88 (North Carolina), and \$77.12 (Kansas). Choosing the lowest value for every entry, or the highest value, would produce estimates far outside the range of observed costs: \$6.76 and \$498.24 per referral, respectively. These extremes are obviously unrealistic, even though all of the component values were actually observed in one of the four study States.

To develop a benchmark comparison for any particular employment and training model, one must review the various cost components identified in Appendix G and decide, for each component, which of the observed values the model is most likely to take. Obviously, if the real value for a component is known, this can be used rather than an observed value. If one has no basis for selecting among the observed values, the median is the safest choice.

Exhibits 4-3 and 4-4 illustrate the process for a hypothetical program. Exhibit 4-3 is the "program design" worksheet; for each component, it indicates whether we believe the hypothetical program would have a high or low value. (Values for each component in the Appendix are ranked from A to E, where A is the lowest observed value, E is the highest observed, and C is the median.) Exhibit 4-4 is the computation worksheet; it contains the actual values corresponding to the letter choices in Exhibit 4-3, and shows the results of the unit cost computations.

The first row of Exhibit 4-3, then, shows our design choices for the referral function in the hypothetical program. We believe it will have a "typical" service design, and hence have picked the median value (6 minutes, shown in Exhibit 4-4). The staff mix was the same in all four study States (referrals were always performed by eligibility workers), so we have no options on this component. We believe that the State operating the hypothetical program will pay relatively high wages and will have a high proportion of other costs, so we select the E values for both of these components.



**EXHIBIT 4-2**

**PROJECTED JOB SEARCH COST BASED ON MEDIAN VALUES  
FOR COST COMPONENTS**

<u>FUNCTION</u>	<u>COST PER RECIPIENT PARTICIPATING IN THE FUNCTION</u>	<u>COST PER REFERRAL</u>
Referral	\$ 2.17	\$ 2.17
Assessment	28.03	15.42
Job Search	23.33	9.47
Job Club	46.65	1.26
Compliance Monitoring		
-- At assessment	3.66	0.70
-- At follow-up	3.66	0.34
-- Disqualification notices	3.66	1.01
-- Disqualification hearings	48.36	0.27
Participation Reporting	\$101.16 <sup>a</sup>	0.45
Total		\$31.09

<sup>a</sup> Cost per local office per month.

**EXHIBIT 4-3**

**PROGRAM SELECTION FOR VARIABLES USED IN  
COMPUTING EMPLOYMENT AND TRAINING PROGRAM  
COSTS FOR A HYPOTHETICAL STATE**

<u>Component</u>	<u>Service Design</u>	<u>Staff Mix</u>	<u>Staff Wages</u>	<u>Other Cost Factor</u>	<u>Participation Rates</u>
Referral	C <sup>1</sup>	A-E <sup>2</sup>	E: EWs	E	n/a
Assessment	D	B-D	B: JS Interviewers	B	E
Job Counseling	A-D	B-E	B: JS Interviewers	D	E
Job Club	C	C-E	B: JS Interviewers	D	E
Compliance Monitoring	-	A-B	B: JS Interviewers C: Clerk	C	
• Assessment	E	-		-	A
• JS Follow-up	D	-		-	A-C
• Notice to LFSA	C	-		-	A
Disqualification Hearings	A	C	B: JS Interviewers E: EWs	C	E
Monthly Partici- pation Report- ing	B	D	C: JS Program Coordinator B: JS Interviewers	B	n/a

**Other Variables**

Fringe Benefit Rate: D  
Number of Local Offices: D  
Number of Referrals: 11,000

n/a - Not applicable

1. Cell entries refer to a selection from the corresponding table in Appendix G. Values for each cost component in the Appendix are ranked from A (low) to E (high). A, B, D, and E are the values observed in the four study States. C is the median.
2. A hyphenated entry (e.g., A-E) means that all values in the specified range are the same.

EXHIBIT 4-4  
WORKSHEET FOR ESTIMATING EMPLOYMENT AND TRAINING PROGRAM COSTS  
FOR A HYPOTHETICAL STATE

(1) Service Design Component	(2) Duration (In Minutes)	(3) Staff Mix	(4) Staff Wages	(5) Direct Labor Cost (With FB) <sup>a</sup>	(6) Unit Cost Per Activity <sup>b</sup>	(7) Participation Rate	(8) Unit Cost Per Referral <sup>c</sup>	(9) Total Annual Cost <sup>d</sup>
Referral	6	EW-100.0%	\$11.35	\$ 1.37	\$ 2.97	-	\$ 2.97	\$ 32,631
Assessment	53	JS Int-100%	9.82	10.50	47.02	0.66	31.03	341,378
Job Counseling	30	JS Int-100%	9.82	5.94	29.65	0.48	14.23	156,531
Job Club	76.43	JS Int-100%	9.82	15.14	75.53	0.23	17.37	191,087
Compliance Monitoring	-	JS Int-50% Clerk-50%	9.82 7.30					
• Assessment	6			1.04	4.00	0.13	0.52	5,717
• JS Follow-up	6			1.04	4.00	0.09	0.36	3,958
• Notice to LFSA	4.5			0.78	3.00	0.22	0.66	7,256
Disqualification Hearings	64.0	JS Int-12.1% EW-87.9%	9.82 11.35	14.40	55.60	0.02	1.11	12,232
Monthly Partici- pation Reporting (Per Local Office)	70.91	Prog. Coord- 14.4% JS Int-85.6%	14.66 9.82	15.04	64.54	102 referrals per office, per month	0.63	6,970
TOTAL PROGRAM COSTS								\$757,761
TOTAL COST PER REFERRAL								\$ 68.89

<sup>a</sup> (Duration \* staff wages) \* (fringe benefit rate (not shown)).

<sup>b</sup> (Direct labor cost) \* ("other" cost factor (not shown)).

<sup>c</sup> (Unit cost per activity) \* (participation rate).

<sup>d</sup> (Unit cost per referral) \* (total referrals (not shown)).

We now turn to Exhibit 4-4 to calculate the unit cost per referral for our hypothetical program. The task duration (53 minutes) is multiplied by the staff wage rate (\$11.35 per hour) and the fringe benefit rate (selected in the bottom portion of Exhibit 4-3) to get the direct labor cost. The direct labor cost of \$1.37 is multiplied by the "other" cost factor (\$1.11, not shown on Exhibit 4-4) to get the unit cost per participant in the function. For the referral function, there is no distinction between the unit cost per participant in the function and the cost per referral. For subsequent functions, however, we multiply the unit cost per participant in the function by the participation rate to get the cost per referral. The cost per referral is then multiplied by the number of referrals expected for the program (selected at the bottom of Exhibit 4-3) to get the total expected cost for the referral function.

Combining the costs across functions in Exhibit 4-4, we reach an estimate of \$757,761 for the total annual cost of the hypothetical program, or \$68.69 per referral. This is a fairly expensive program, relative to the range of the four observed States. This did not result from any single design choice, but from the fact that we chose medium-to-high values more often than low values, so there was more compounding than counterbalancing in the computations.

The results of this study can be used by FNS to assess costs for the new Food Stamp Employment and Training Program. Caution must be exercised, however: these data were based on the experience of only four States, and our methodology was constrained by the retrospective nature of the study. It should also be realized that the FSETP in any given State may differ importantly from the old job search program, particularly if it offers services not provided by the job search program in any of our four study States, such as job skills training, basic education, workfare, or on-the-job training.

APPENDIX A

JOB SEARCH PARTICIPATION RATES IN 17 STATES

# APPENDIX A

## JOB SEARCH PARTICIPATION RATES FOR 17 SELECTED STATES, FY 1986

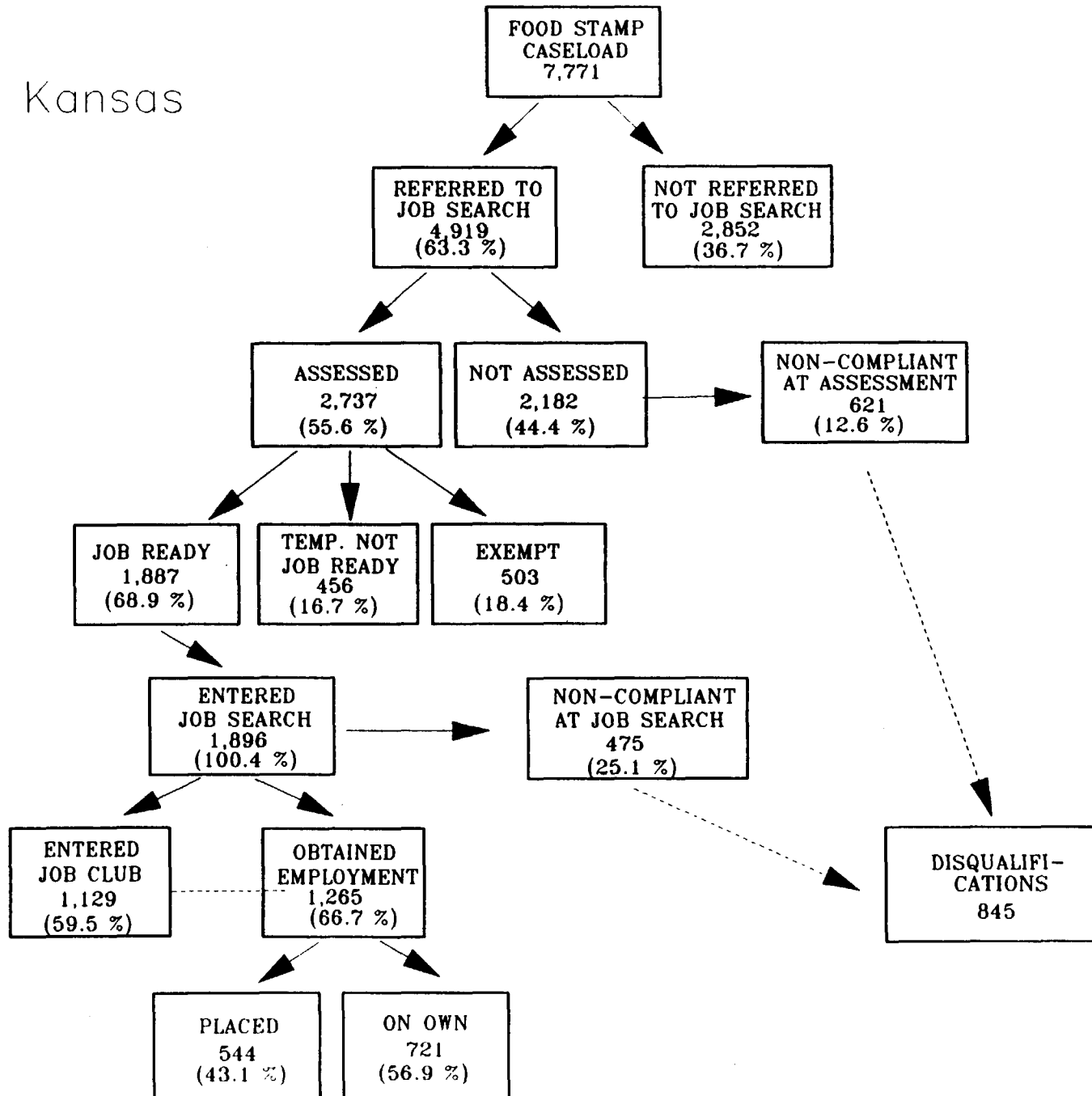
State	No. of Referrals	No. of Assessments	Pct. of Referrals Assessed	No. Entered Job Search	Pct. of Referral Entered JS	No. Non-Compliant	Pct. of Referrals Non-Compliant	No. Disqualified	Pct. of Referrals Disqualified
Arkansas	9,144	7,296	79.79	6,336	69.29	3,036	33.20	1,692	18.50
Delaware	4,188	1,788	42.69	1,728	41.26	2,304	55.01	576	13.75
Idaho	10,584	5,388	50.91	3,216	30.38	1,908	18.03	1,176	11.11
Iowa	32,376	19,380	59.86	13,404	41.40	8,916	27.54	2,388	7.37
Kansas	4,716	2,772	58.78	1,956	41.47	1,020	21.63	768	16.28
Minnesota	16,452	9,912	60.25	9,324	56.67	5,712	34.72	3,408	20.71
Mississippi	13,356	10,764	80.59	6,156	46.09	2,832	21.20	2,508	18.77
Montana	3,852	2,460	63.86	2,220	57.63	2,436	63.23	624	16.19
Nebraska	2,724	2,736	100.44	2,232	81.94	792	29.07	636	23.34
Nevada	13,632	6,108	44.81	5,988	43.92	7,872	57.75	5,340	39.17
New Hampshire	2,736	1,680	61.40	1,548	56.58	528	19.29	252	9.21
North Carolina	19,728	15,024	76.15	13,740	69.65	2,124	10.76	1,260	6.38
Oklahoma	27,816	20,304	72.99	11,892	42.75	10,404	37.40	3,684	13.24
South Dakota	5,100	1,968	38.58	1,452	28.47	1,044	20.47	132	2.59
Tennessee	16,692	9,444	56.58	9,444	56.58	7,452	44.64	1,356	8.12
Vermont	1,080	984	91.11	984	91.11	432	40.00	60	5.55
Washington	27,804	15,564	55.97	15,564	55.98	8,904	32.02	3,612	12.99

Data obtained from Report on the Census of State Operations: Job Search. Washington, DC: Abt Associates Inc., 1987.

APPENDIX B

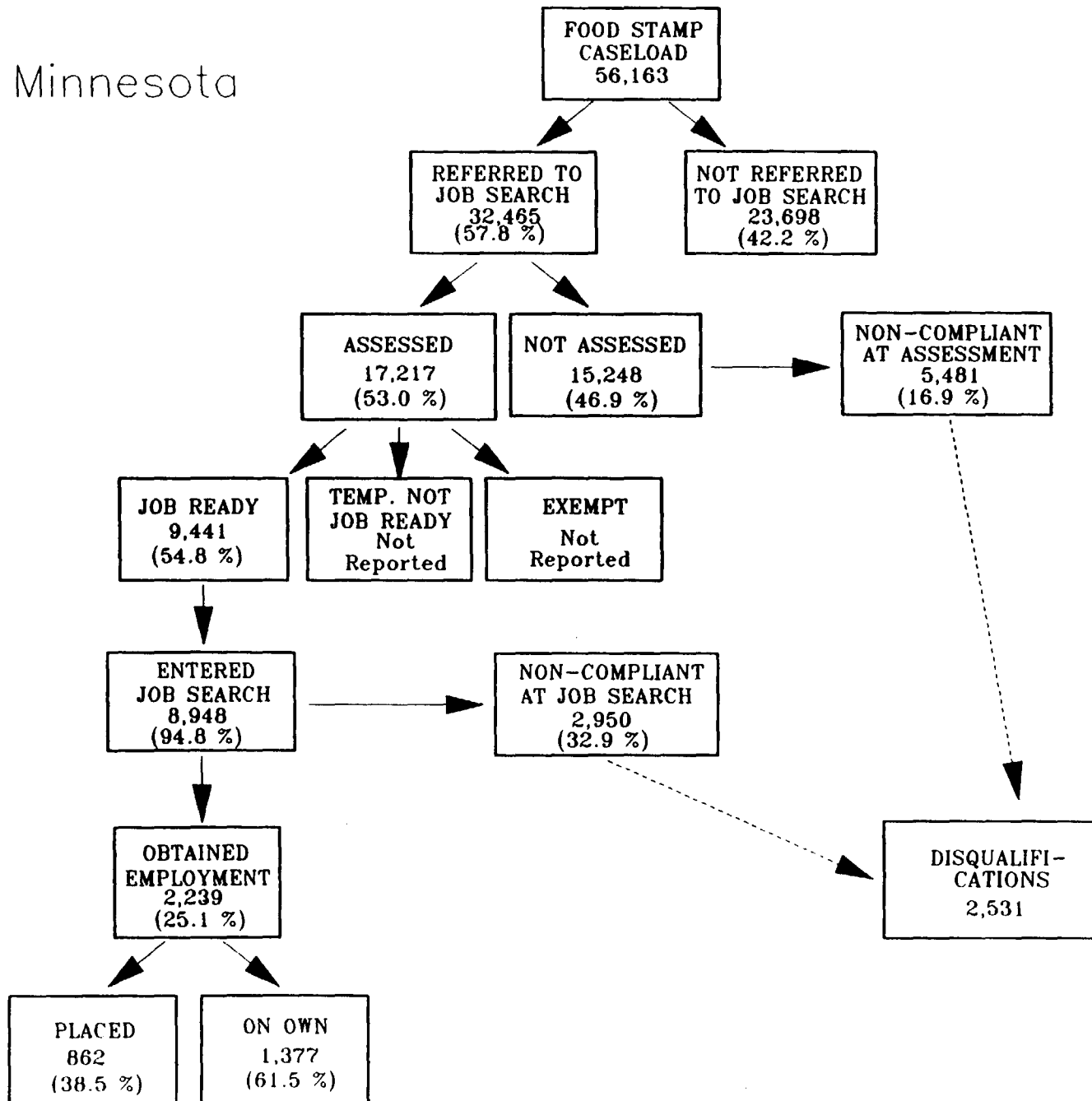
ILLUSTRATION OF JOB SEARCH  
PARTICIPANT FLOW IN FOUR STATES

Kansas

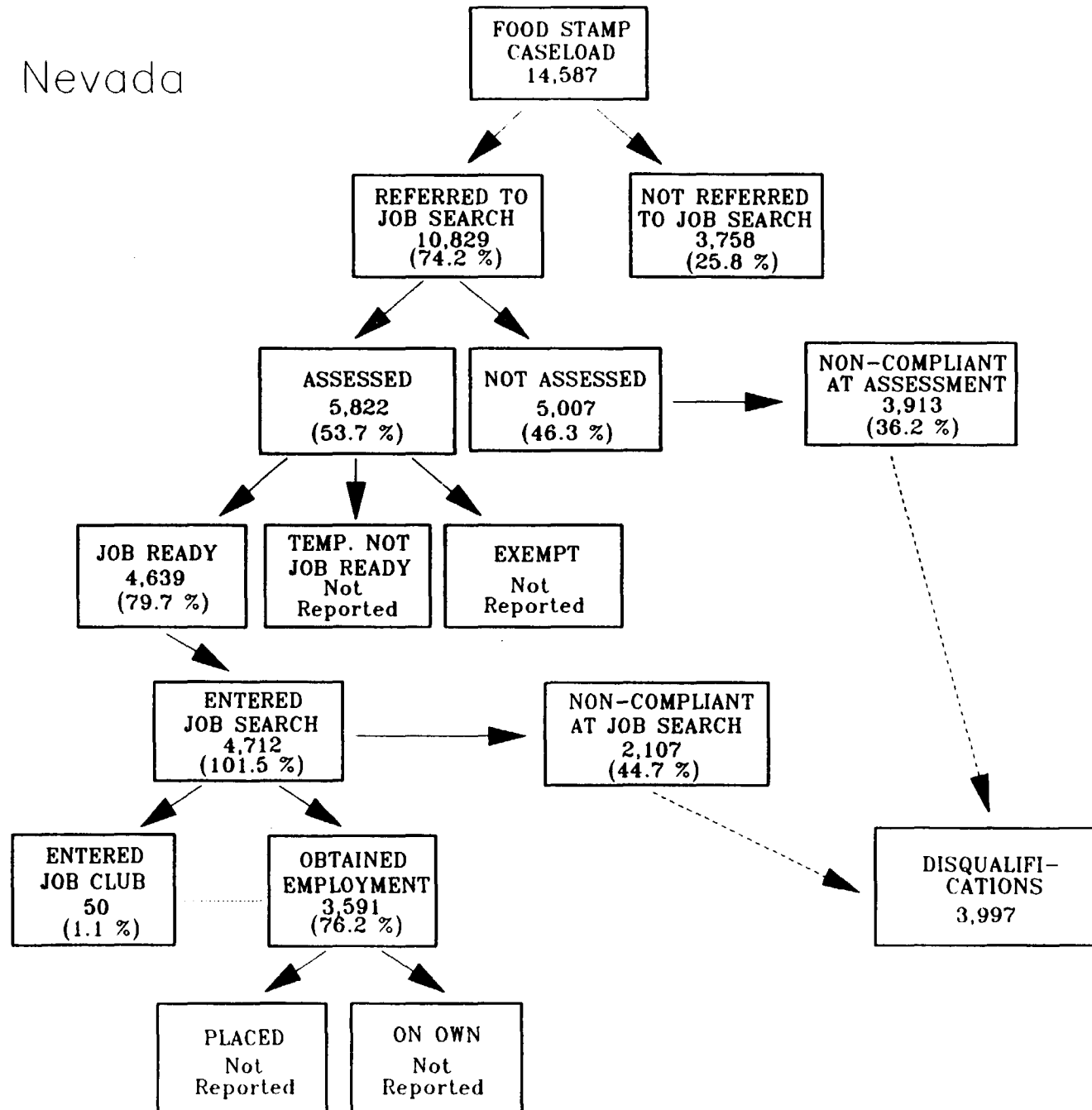




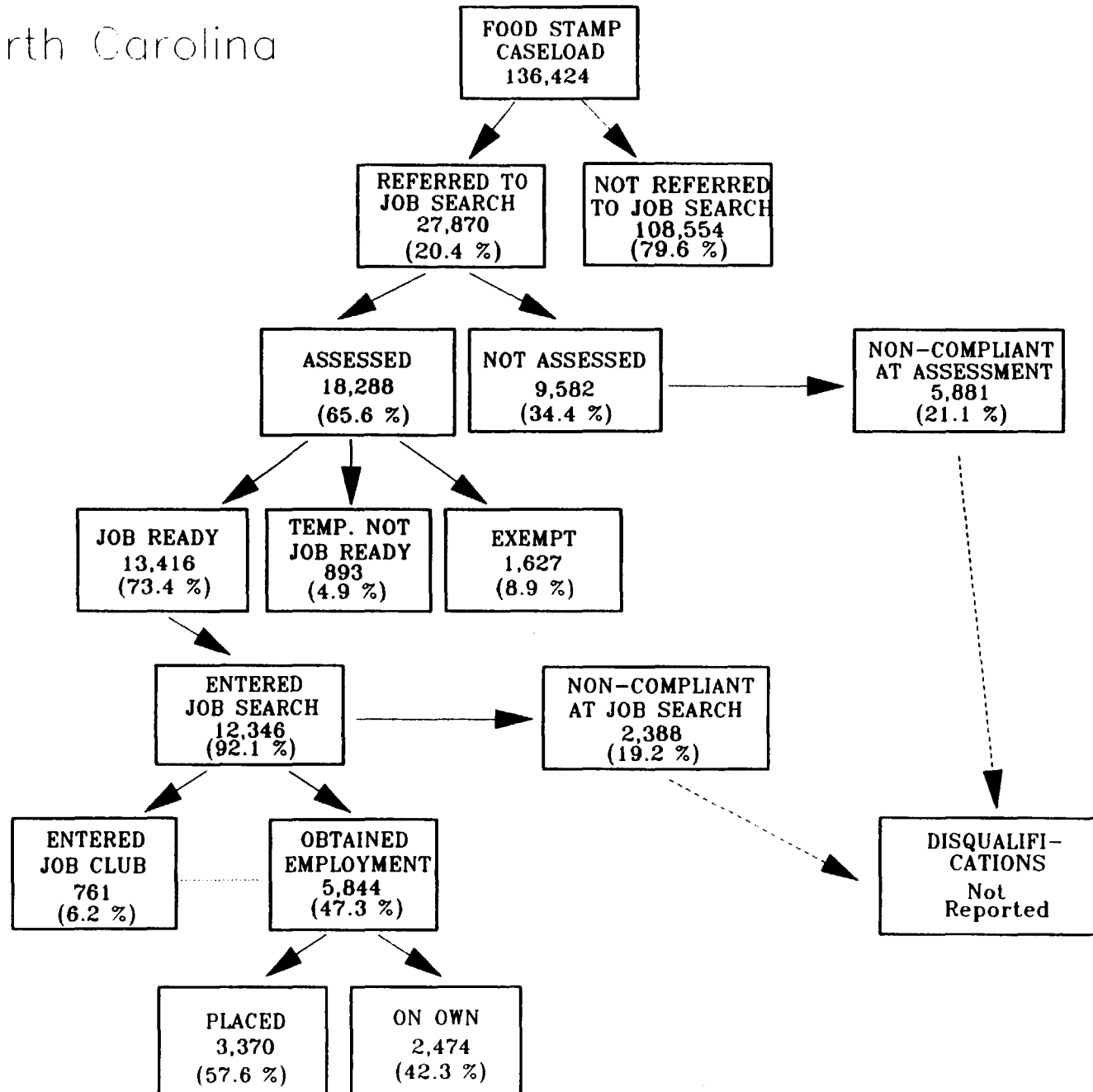
# Minnesota



Nevada



# North Carolina



APPENDIX C

DISTRIBUTION OF STAFF TIME  
BY MAJOR JOB SEARCH COMPONENT

DISTRIBUTION OF STAFF TIME BY MAJOR JOB SEARCH COMPONENT

ACTIVITY	WORKER TYPE	KANSAS PERCENT TIME	MINNESOTA PERCENT TIME	NEVADA PERCENT TIME	NORTH CAROLINA PERCENT TIME
-----					
Referral	Eligibility Worker	100	100	100	100
Assessment	Program Specialist		65.5		
	JS Interviewers	30.5	34.5	100	100
	Program Technician	30.5			
	Clerical Support	39			
Job Service	Program Specialist		100		
	JS Interviewers	50		100	100
	Program Technician	50			
Job Club			n/a		
	Program Specialist				
	JS Interviewers	42.7		100	100
	Program Technician	42.7			
	Clerical Support	14.6			
Monitoring					
- Assessment	Program Specialist		50		
	JS Interviewers	50		100	100
	Clerical Support	50	50		
- Follow-Up	Program Specialist		50		
	JS Interviewers	50		100	100
	Clerical Support	50	50		
- Disqualifications	Program Specialist		14.6		
	JS Interviewers	22.2		16.7	7.45
	Clerical Support	22.2	14.2		
	Eligibility Worker	55.6	71.3	83.3	92.5
Reporting	JS Program Coordinator	0.4	18.2		14.4
	Program Specialist		81.8		
	JS Interviewers	44.8			85.6
	Program Technician	44.8			
	Clerical Support	10			
	Senior Accountant			100	

APPENDIX D

ALLOCATION OF TOTAL PROGRAM COSTS

## APPENDIX D

### DISTRIBUTION OF TOTAL BILLED AND NON-BILLED JOB SEARCH PROGRAM COSTS

Column (1) represents the proportional distribution of total direct task time of local office job search staff across the major job search components. Total direct task time is the product of the unit time estimates for a given activity multiplied by the number of activity units provided in FY 1986 (e.g., the unit time per assesment multiplied by the number of persons assessed, the average time per job club entrant multiplied by the number of club entrants, etc.). Only the direct task time of staff whose time was billed to job search is included here. Thus, for example, since referral is a task performed by LFSA eligibility workers, the cost of which is not billed to job search, no referral time is represented in Column (1).

Column (2) presents the distribution of labor costs for local job search staff (with fringe benefits) across each of the job search components. These labor costs include direct task time, as well as non-task time (staff time spent in training, performing administrative functions, down time). For example, local job search office costs in Kansas totaled \$279,776; assessment activities accounted for 20.8 percent of direct task time for local office staff. Thus, 20.8 percent of total labor (or \$58,081) was allocated to the assessment component.

State-level job search costs are allocated across the appropriate job search components in Column (3). The bulk of State-level costs are not task specific, and are therefore allocated to an administrative component. (The exception is the cost incurred at the State level for reporting.

Other billed costs (for non-personnel services) are proportionally distributed in Column (4). These NPS costs are allocated across each job search component proportionate to labor costs.

Column (5) presents the allocation of all unbilled costs. Unbilled administrative costs include State and Local Food Stamp Agency administrative personnel. The costs incurred by the eligibility workers are distributed across the referral and compliance monitoring activities.

Column (6) is the sum of all billed and non-billed costs.

Next, administrative costs are distributed across each of the direct task job search components. Administrative costs are allocated proportionate to total labor and NPS costs for each component. Column (7) presents the percent distribution across components.

Column (8) presents the total costs for each job search component. These costs include billed and non-billed labor and NPS costs; administrative costs are also added on. For example, in Minnesota, total costs from Column (8) for assessment are \$363,605. Of that figure, \$299,352 is for local office staff labor, \$44,743 is the portion of NPS costs allocated to assessment, for a total of \$344,095. In addition, the assessment component is allocated 55 percent of the \$35,383 (or \$19,510) in administrative costs incurred in Minnesota.

## Distribution of Billed and Non-Billed Costs

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		DISTRIB. OF BILLED LABOR						
ACTIVITY	PERCENT OF TIME	LOCAL OFFICE	STATE OFFICE	DISTRIB. OTHER BILLED COSTS	UNBILLED COSTS	SUM OF BILLED AND NON-BILLED	% EXCLUD TOT ADMIN	COSTS W/ ADMIN DISTRIB
NORTH CAROLINA								
Administrative			77,218		12,425	89,643		
Referral	0.000	0			27,424	27,424	0.024	29,541
Assess/Assign	0.631	597,923		101,748		699,671	0.603	753,691
Service	0.194	184,030		31,316		215,346	0.185	231,972
-- Job Club	0.026	24,542		4,176		28,718	0.025	30,936
Compliance	0.081							
-- Assessment	0.026	25,063		4,265		29,328	0.025	31,593
-- Follow-Up	0.019	18,045		3,071		21,115	0.018	22,746
-- Notice	0.028	26,407		4,494		30,900	0.027	33,286
-- Hearing	0.008	7,706		1,311	19,873	28,890	0.025	31,121
Reporting	0.068	64,435	4,274	10,965		79,674	0.069	85,825
TOTAL	1.000	948,142	81,492	161,345	59,722	1,250,701	1.000	1,250,710



APPENDIX E

TOTAL COSTS PER PERSON ASSESSED  
BY JOB SEARCH COMPONENT

# APPENDIX E

## TOTAL COST PER PERSON ASSESSED BY JOB SEARCH COMPONENT

	KANSAS	MINNESOTA	NEVADA	NORTH CAROLINA
Cost Per Client Assessed				
Referral	\$2.64	\$0.71	\$1.84	\$1.51
Assessment	\$28.12	\$21.17	\$12.37	\$41.48
Service				
Job Search Follow-Up	\$23.03	\$4.74	\$24.33	\$12.77
Job Club	\$60.44	\$0.00	\$1.16	\$1.70
Compliance Notification				
Assessment Non-Compliance	\$1.76	\$4.31	\$3.73	\$1.74
Follow-Up Non-Compliance	\$3.14	\$3.41	\$1.23	\$1.25
Notice to OSS	\$0.88	\$2.38	\$2.24	\$1.83
Disqualification Hearings	\$0.80	\$1.13	\$2.56	\$1.63
Reporting	\$17.78	\$0.45	\$0.04	\$4.47
Total	\$138.59	\$38.30	\$49.50	\$68.39

APPENDIX F

TOTAL COSTS PER JOB SEARCH ENTRANT  
BY JOB SEARCH COMPONENT

# APPENDIX F

## TOTAL COST PER JOB SEARCH ENTRANT BY JOB SEARCH COMPONENT

	KANSAS	MINNESOTA	NEVADA	NORTH CAROLINA
Cost Per Client Entering Job Search				
Referral	\$3.81	\$1.36	\$2.28	\$2.24
Assessment	\$40.59	\$40.74	\$15.29	\$61.44
Service				
Job Search Follow-Up	\$33.25	\$9.12	\$30.06	\$18.91
Job Club	\$87.26	\$0.00	\$1.43	\$2.52
Compliance Notification				
Assessment Non-Compliance	\$2.54	\$8.29	\$4.61	\$2.58
Follow-Up Non-Compliance	\$4.53	\$6.57	\$1.52	\$1.85
Notice to DSS	\$1.28	\$4.58	\$2.77	\$2.71
Disqualification Hearings	\$1.15	\$2.18	\$3.16	\$2.42
Reporting	\$25.67	\$0.86	\$0.05	\$6.62
Total	\$200.07	\$73.70	\$61.16	\$101.30

## APPENDIX C

Data from the four States included in the study have been used to construct hypothetical job search programs. Programs A, B, D, and E represent the low to high range of observed values for the variables used in estimating per referral costs for each of the major job search components and selected subcomponents. Program C represents a median, or "middle of the road" program.

### Referral

- Service Design: The time required to make a referral
- Cost of Labor: Refers to the staff mix and corresponding hourly wage and fringe benefits rates.
- Direct Labor Cost: This is the product of service design (time) and labor rates (the hourly wages weighted by proportion of activity time spent by each staff type).
- (Actual direct labor cost): The numbers in parentheses ( ) are taken from Exhibit 3-6 of the report and represent the direct labor cost observed in the four study States.
- Other Cost Factor: This is the difference between direct labor costs per referral (Exhibit 3-7) and total costs per referral (Exhibit 3-9).
- Total cost per referral: Represented by the equation:  $DLC_i * (1 + OCF_i)$  where  $DLC_i$  is the direct labor cost for program i and  $OCF$  is the other cost factor for program i. This is the total cost for performing one unit of activity.
- Participation Rate: The number of referrals
- Cost per referral: Because the participation rate for referral is 100 percent, this value is the same as total cost per referral above.
- (Actual cost per referral): The numbers in parentheses ( ) are taken from Exhibit 3-9 and represent the actual cost per referral observed in the four study States.

## Assessment

Service design: Total minutes per client assessed is the sum of the average staff minutes per client assessed for group orientation, individual assessment, and clerical work.

Estimation of the average staff minutes spent per client in group orientation is determined by the duration of the session, divided by the staff/client ratio and multiplied by the percent of clients assessed attending the group session.

Estimation of the average staff minutes spent in individual assessments is determined by the duration of the assessment interview multiplied by the percent of clients receiving an individual interview.

Clerical work is the time required to perform assessment-related clerical tasks.

(Actual minutes  
per client  
assessed):

The numbers in parentheses ( ) are taken from Exhibit 3-3 of the report and represent the actual total time per client assessed observed in the four study States.

Cost of Labor:

Refers to the staff mix and corresponding hourly wage and fringe benefits rates.

Direct Labor  
Cost:

This is the product of service design (time) and labor rates (the hourly wages weighted by proportion of activity time spent by each staff type).

(Actual direct  
labor cost):

The numbers in parentheses ( ) are taken from Exhibit 3-6

(Actual cost per referral): The numbers in parentheses ( ) are taken from Exhibit 3-9 and represent the actual cost per referral observed in the four study States.

### Job Search

Service Design: The time required to provide 2 follow-up interviews to job search entrants.

Cost of Labor: Refers to the staff mix and corresponding hourly wage and fringe benefits rates.

Direct Labor Cost: This is the product of service design (time) and labor rates (the hourly wages weighted by proportion of activity time spent by each staff type).

(Actual direct labor cost): The numbers in parentheses ( ) are taken from Exhibit 3-6 of the report and represent the direct labor cost observed in the four study States.

Other Cost Factor: This is the difference between direct labor costs per referral (Exhibit 3-7) and total costs per referral (Exhibit 3-9).

Total cost per job search entrant: Represented by the equation:  $DLC_i * (1 + OCF_i)$  where  $DLC_i$  is the direct labor cost for program i and  $OCF$  is the other cost factor for program i. This is the total cost for performing two job search follow-up interviews.

Participation Rate: The proportion of referrals that enter job search.

Cost per referral: The product of total cost per assessment and participation rate

(Actual cost per referral): The numbers in parentheses ( ) are taken from Exhibit 3-9 and represent the actual cost per referral observed in the four study States.

### Job Club

Service design: Total staff time per job club participant is the sum of the average staff time for job club and for other services.

Average staff time for job club is estimated by computing the total staff time available (the duration of the club multiplied by the number of staff supervising the club) and dividing that by the staff/client ratio.

Other services is the amount of additional staff resources provided to job club participants outside of the actual club meetings (e.g., typing of resumes, home visits, etc.)

(Actual time  
per job club  
entrant):

The numbers in parentheses ( ) are taken from Exhibit 3-3 of the report and represent the actual time for job club entrants observed in the four study States.

Cost of Labor:

Refers to the staff mix and corresponding hourly wage and fringe benefits rates.

Direct Labor  
Cost:

This is the product of service design (time) and labor rates (the hourly wages weighted by proportion of activity time spent by each staff type).

(Actual direct  
labor cost):

The numbers in parentheses ( ) are taken from Exhibit 3-6 of the report and represent the direct labor cost observed in the four study States.

Other Cost Factor:

This is the difference between direct labor costs per referral (Exhibit 3-7) and total costs per referral (Exhibit 3-9).

Total cost per  
job club  
entrant:

Represented by the equation:  $DLC_i * (1 + OCF_i)$  where  $DLC_i$  is the direct labor cost for program i and  $OCF$  is the other cost factor for program i. This is the total cost for providing job club services to one club entrant.

Participation Rate: The proportion of referrals that enter job club

Cost per referral: The product of total cost per assessment and participation rate

(Actual cost  
per referral):

The numbers in parentheses ( ) are taken from Exhibit 3-9 and represent the actual cost per referral observed in the four study States.



### Compliance Monitoring

(at assessment, for job search entrants,  
and for referral back to the LFSA for action)

Service design: The time required to send out a notice of noncompliance or a notice to the LFSA of an individual's failure to comply.

Cost of Labor: Refers to the staff mix and corresponding hourly wage and fringe benefits rates.

Direct Labor  
Cost:

This is the product of service design (time) and labor rates (the hourly wages weighted by proportion of activity time spent by each staff type).

(Actual direct  
labor cost):

The numbers in parentheses ( ) are taken from Exhibit 3-6 of the report and represent the direct labor cost observed in the four study States.

Other Cost Factor: This is the difference between direct labor costs per referral (Exhibit 3-7) and total costs per referral (Exhibit 3-9).

Total cost per  
notice sent:

Represented by the equation:  $DLC_i * (1 + OCF_i)$  where  $DLC_i$  is the direct labor cost for program i and  $OCF$  is the other cost factor for program i. This is the total cost for sending one notice to the individual or to the LFSA.

Participation Rate: The number of referrals divided by the number of noncompliance notices sent. An individual can be sent more than one notice, thus participation rates do not reflect individuals.

Cost per referral: The product of total cost per assessment and participation rate

(Actual cost  
per referral):

The numbers in parentheses ( ) are taken from Exhibit 3-9 and represent the actual cost per referral observed in the four study States.

### Compliance Monitoring

#### Disqualification hearings

Service design: This subcomponent is comprised of two activities -- sending of notice of adverse action to noncompliant individual and administrative hearings for persons sanctioned for noncompliance of job search requirements.

Cost of Labor: Refers to the staff mix and corresponding hourly wage and fringe benefits rates.

Direct Labor Cost: This is the product of service design (time) and labor rates (the hourly wages weighted by proportion of activity time spent by each staff type).

(Actual direct labor cost): The numbers in parentheses ( ) are taken from Exhibit 3-6 of the report and represent the direct labor cost observed in the four study States.

Other Cost Factor: This is the difference between direct labor costs per referral (Exhibit 3-7) and total costs per referral (Exhibit 3-9).

Total cost per hearing: Represented by the equation:  $DLC_i * (1 + OCF_i)$  where  $DLC_i$  is the direct labor cost for program i and  $OCF_i$  is the other cost factor for program i. This is the total cost for conducting an administrative hearing for sanctioned individuals.

Participation Rate: The proportion of referrals for whom disqualification hearings are held

Cost per referral: The product of total cost per hearing and participation rate

(Actual cost per referral): The numbers in parentheses ( ) are taken from Exhibit 3-9 and represent the actual cost per referral observed in the four study States.

#### Participation Reporting

Service design: Average time per local office per month is comprised of time spent at the local level preparing monthly participation reports and the total State office staff time divided by the number of local offices.

Cost of Labor: Refers to the staff mix and corresponding hourly wage and fringe benefits rates.

Direct Labor Cost: This is the product of service design (time) and labor rates (the hourly wages weighted by proportion of activity time spent by each staff type).

(Actual direct labor cost): The numbers in parentheses ( ) are taken from Exhibit 3-6 of the report and represent the direct labor cost observed in the four study States

Other Cost Factor: This is the difference between direct labor costs per referral (Exhibit 3-7) and total costs per referral (Exhibit 3-9)

Total cost per local office: Represented by the equation:  $DLC_i * (1 + OCF_i)$  where  $DLC_i$  is the direct labor cost for program i and  $OCF_i$  is the other cost factor for program i. This is the total cost per local office for preparing one month's participation report.

Participation Rate: The total number of referrals per year, divided by the number of local offices and then divided by 12 months represents the average number of referrals flowing through each local office per month.

Cost per referral: Equal to total cost per local office per month divided by the participation rate (the average number of referrals per month)

(Actual cost per referral): The numbers in parentheses ( ) are taken from Exhibit 3-9 and represent the actual cost per referral observed in the four study States.

REFERRAL	P R O G R A M				
	A	B	C	D	E
Service Design Referral	2.00	4.00	6.00	8.00	10.00
Cost of Labor					
Staff Mix - % Time for:					
Eligibility Workers	100.00	100.00	100.00	100.00	100.00
Wages for:					
Eligibility Workers	5.58	8.35	8.78	9.20	11.35
Fringe Benefit Rate	14.00	17.76	19.38	21.00	22.10
Direct Labor Cost (time * labor rate)	0.21	0.66	1.05	1.48	2.31
(Actual direct labor cost)	(0.37)	(0.89)		(0.99)	(1.27)
Other Cost Factor	1.00	1.03	1.07	1.11	1.16
Total Cost Per Referral	0.42	1.33	2.17	3.13	4.99
Participation rate					
Number of Referrals	4,919	10,829	19,350	27,870	32,465
Cost per referral	0.42	1.33	2.17	3.13	4.99
(Actual cost per referral)	(0.38)	(0.99)		(0.99)	(1.47)

ASSESSMENT	P R O G R A M				
	A	B	C	D	E
<b>Service Design</b>					
Group Orientation					
Duration of session (minutes)	20.00	20.00	25.00	30.00	60.00
Staff/Client Ratio	1/30	1/30	1/10	2/5	2/5
Avg. staff minutes per client	0.67	0.67	3.00	24.00	24.00
Pct. of clients in group session	100.00	0.00	100.00	100.00	100.00
Avg staff min per client assessed	0.67	0.00	3.00	24.00	24.00
Individual Assessment					
Duration of session (minutes)	12.50	15.00	17.50	20.00	45.00
Percent Receiving	20.00	100.00	100.00	100.00	100.00
Avg time per client assessed	2.50	15.00	17.50	20.00	45.00
Clerical work -- minutes per client	2.00	3.00	6.00	9.00	10.00
Total minutes per client assessed	5.17	18.00	26.50	53.00	79.00
(Actual minutes per client assessed)	(7.50)	(20.00)		(38.00)	(54.00)
<b>Cost of Labor</b>					
Staff Mix - % Time for:					
Program Specialist	0.00	0.00	0.00	0.00	65.50
JS Interviewers	30.50	100.00	100.00	100.00	34.50
Program Technician	30.50	0.00	0.00	0.00	0.00
Clerical Support	39.00	0.00	0.00	0.00	0.00
Wages for:					
Program Specialist	15.00	15.00	15.00	15.00	15.00
JS Interviewers	9.68	9.82	10.59	11.35	11.73
Program Technician	7.22	7.22	7.22	7.22	7.22
Clerical Support	4.89	4.89	7.3	8.72	8.72
Fringe Benefit Rate	14.00	17.76	19.38	21.00	22.10
Direct Labor Cost (time * labor rate)	0.69	3.47	5.58	12.13	22.30
(Actual direct labor cost)	(1.66)	(5.42)		(5.56)	(10.99)
Other Cost Factor	3.38	3.48	4.02	4.56	7.39
Total Cost Per Assessment	3.04	15.54	28.03	67.45	187.11
<b>Participation rate</b>					
Percent of Referrals Assessed	0.53	0.54	0.55	0.56	0.66
Cost per referral	1.61	8.39	15.42	37.77	123.49
(Actual cost per referral)	(6.65)	(11.23)		(15.65)	(27.22)

JOB SEARCH	P R O G R A M				
	A	B	C	D	E
Service Delivery					
Job Search/Counseling	30.00	30.00	30.00	30.00	75.00
Cost of Labor					
Staff Mix - % Time for:					
JS Interviewers	50.00	100.00	100.00	100.00	100.00
Program Technician	50.00	0.00	0.00	0.00	0.00
Wages for:					
JS Interviewers	9.68	9.82	10.59	11.35	11.73
Program Technician	7.22	7.22	7.22	7.22	7.22
Fringe Benefit Rate	14.00	17.76	19.38	21.00	22.10
Direct Labor Cost (time * labor rate)	4.82	5.78	6.32	6.87	17.90
(Actual direct labor cost)	(5.24)	(7.67)		(9.08)	(12.04)
Other Cost Factor	3.18	3.38	3.69	3.99	10.15
Total Cost Per Assessment	15.32	19.54	23.33	27.40	181.71
Participation rate					
Percent of referrals in job search	0.29	0.38	0.41	0.43	0.48
Cost per referral	4.46	7.50	9.47	11.73	87.40
(Actual cost per referral)	(2.51)	(8.38)		(12.81)	(13.08)

JOB CLUB	P R O G R A M		
	A	C	E
-----			
Service Design			
Duration of Club	480.00	1200.00	1260.00
No. of Staff	1.00	1.00	2.00
Total Staff Time	480.00	1200.00	2520.00
Staff/Client Ratio	1/15.7	2/20	1/8
Avg. Staff Time per Participant	30.57	60.00	315.00
Other Services	0.00	0.00	90.80
Tot Staff Time per JC Participant	60.00	76.43	405.80
(Actual time per job club participant)	60.00	60.00	(251.50)
Cost of Labor			
Staff Mix - % Time for:			
JS Interviewers	42.70	100.00	100.00
Program Technician	42.70	0.00	0.00
Clerical Support	14.6	0.00	0.00
Wages for:			
JS Interviewers	9.68	10.59	11.73
Program Technician	7.22	7.22	7.22
Clerical Support	4.89	7.3	8.72
Fringe Benefit Rate	14.00	19.38	22.10
Direct Labor Cost (time * labor rate)	4.61	12.64	96.87
(Actual direct labor cost)	(11.99)	(13.37)	(36.09)
Other Cost Factor	3.18	3.69	10.15
Total Cost Per Job Club Participant	14.65	46.65	983.20
Participation rate			
Percent of referrals in job club	0.01	0.03	0.23
Cost per referral	0.07	1.26	226.14
(Actual cost per referral)	(0.62)	(1.12)	(33.63)

COMPLIANCE MONITORING AT ASSESSMENT	P R O G R A M				
	A	B	C	D	E
Service Design					
Monitoring Activities	4.00	4.00	4.50	5.00	6.00
Cost of Labor					
Staff Mix - % Time for:					
Program Specialist	0.00	50.00	0.00	0.00	0.00
JS Interviewers	50.00	0.00	100.00	100.00	100.00
Clerical Support	50.00	50.00	0.00	0.00	0.00
Wages for:					
Program Specialist	15.00	15.00	15.00	15.00	15.00
JS Interviewers	9.68	9.82	10.59	11.35	11.73
Clerical Support	4.89	4.89	7.30	8.72	8.72
Fringe Benefit Rate	14.00	17.76	19.38	21.00	22.10
Direct Labor Cost (time * labor rate)	0.55	0.78	0.95	1.14	1.43
(Actual direct labor cost)	(0.55)	(0.89)		(1.20)	(1.20)
Other Cost Factor	2.40	2.58	2.86	3.13	4.75
Total Cost Per Notice Sent	1.88	2.80	3.66	4.73	8.24
Participation rate					
Pct of referrals non-comp. at assess	0.13	0.17	0.19	0.21	0.36
Cost per referral	0.24	0.47	0.70	1.00	2.97
(Actual cost per referral)	(0.98)	(1.14)		(2.01)	(2.28)



COMPLIANCE MONITORING  
JOB SEARCH FOLLOW-UP

	P R O G R A M				
	A	B	C	D	E
Service Design					
Monitoring Activities	4.00	5.00	5.50	6.00	9.00
Cost of Labor					
Staff Mix - % Time for:					
Program Specialist	0.00	50.00	0.00	0.00	0.00
JS Interviewers	50.00	0.00	100.00	100.00	100.00
Clerical Support	50.00	50.00	0.00	0.00	0.00
Wages for:					
Program Specialist	15.00	15.00	15.00	15.00	15.00
JS Interviewers	9.68	9.82	10.59	11.35	11.73
Clerical Support	4.89	4.89	7.30	8.72	8.72
Fringe Benefit Rate	14.00	17.76	19.38	21.00	22.10
Direct Labor Cost (time * labor rate)	0.55	0.98	0.95	1.37	2.15
(Actual direct labor cost)	(0.69)	(0.89)		(1.20)	(2.15)
Other Cost Factor	2.40	2.58	2.86	3.13	4.75
Total Cost Per Notice Sent	1.88	3.49	3.66	5.67	12.35
Participation rate					
Pct of referrals non-comp at job search	0.09	0.09	0.09	0.10	0.20
Cost per referral	0.16	0.32	0.34	0.55	2.41
(Actual cost per referral)	(0.66)	(0.82)		(1.75)	(1.81)

COMPLIANCE MONITORING  
DISQUALIFICATION NOTICES

P R O G R A M

	A	B	C	D	E
Service Design					
Notice to LFSA	2.00	4.00	4.50	5.00	6.00
Cost of Labor					
Staff Mix - % Time for:					
Program Specialist	0.00	50.00	0.00	0.00	0.00
JS Interviewers	50.00	0.00	100.00	100.00	100.00
Clerical Support	50.00	50.00	0.00	0.00	0.00
Wages for:					
Program Specialist	15.00	15.00	15.00	15.00	15.00
JS Interviewers	9.68	9.82	10.59	11.35	11.73
Clerical Support	4.89	4.89	7.30	8.72	8.72
Fringe Benefit Rate	14.00	17.76	19.38	21.00	22.10
Direct Labor Cost (time * labor rate)	0.28	0.78	0.95	1.14	1.43
(Actual direct labor cost)	(0.45)	(0.55)		(1.20)	(1.20)
Other Cost Factor	2.40	2.58	2.86	3.13	4.75
Total Cost Per Notice Sent	0.94	2.80	3.66	4.73	8.24
Participation rate					
Pct of referrals reported to LFSA	0.22	0.26	0.28	0.29	0.56
Cost per referral	0.21	0.73	1.01	1.39	4.58
(Actual cost per referral)	(0.49)	(1.2)		(1.21)	(1.26)

DISQUALIFICATION HEARINGS	P R O G R A M				
	A	B	C	D	E
Service Design					
Notices of Adverse Action	4.00	6.00	8.00	10.00	20.00
Hearings	60.00	65.00	70.00	80.00	90.00
TOTAL TIME	64.00	71.00	78.00	90.00	110.00
Cost of Labor					
Staff Mix - % Time for:					
Program Specialist	0.00	0.00	0.00	0.00	14.60
JS Interviewers	22.20	7.45	12.10	16.70	0.00
Clerical Support	22.20	0.00	0.00	0.00	14.20
Eligibility Worker	55.60	92.50	87.90	83.30	71.30
Wages for:					
Program Specialist	15.00	15.00	15.00	15.00	15.00
JS Interviewers	9.68	9.82	10.59	11.35	11.73
Clerical Support	4.89	4.89	7.30	8.72	8.72
Eligibility Worker	5.58	8.35	8.78	9.20	11.35
Fringe Benefit Rate	14.00	17.76	19.38	21.00	22.10
Direct Labor Cost (time * labor rate)	7.22	10.79	12.53	15.42	21.10
(Actual direct labor cost)	(2.67)	(13.24)		(15.62)	(19.18)
Other Cost Factor	2.40	2.58	2.86	3.13	4.75
Total Cost Per Hearing	24.56	38.62	48.36	63.69	121.33
Participation rate					
Pct of referrals w/ disqual. hearings	0.00	0.00	0.01	0.01	0.02
Cost per referral	0.00	0.04	0.27	0.64	1.82
(Actual cost per referral)	(0.44)	(0.60)		(1.07)	(1.38)

## PARTICIPATION REPORTING

## P R O G R A M

	A	B	C	D	E
Service Design					
Local Office					
Duration	0.00	60.00	105.00	150.00	1200.00
Number of Local Offices	3.00	5.50	7.25	9.00	57.00
State Office	30.00	60.00	90.00	120.00	1440.00
Avg State time per Local Office	10.00	10.91	12.41	13.33	25.26
Avg Time Per Local Office Per Month	10.00	70.91	117.41	163.33	1225.26
Cost of Labor					
Staff Mix - % Time for:					
Job Search Program Coordinator	0.00	0.00	7.00	14.41	18.18
Program Specialist	0.00	0.00	0.00	0.00	81.81
JS Interviewers	0.00	44.80	65.00	85.59	0.00
Program Technician	0.00	44.80	28.00	0.00	0.00
Clerical Support	0.00	9.95	0.00	0.00	0.00
Senior Accountant	100.00	0.00	0.00	0.00	0.00
Wages for:					
Job Search Program Coordinator	11.62	11.64	14.66	17.68	18.40
Program Specialist	15.00	15.00	15.00	15.00	15.00
JS Interviewers	9.68	9.82	10.59	11.35	11.73
Program Technician	7.22	7.22	7.22	7.22	7.22
Clerical Support	4.89	4.89	7.30	8.72	8.72
Senior Accountant	13.75	13.75	13.75	13.75	13.75
Fringe Benefit Rate	14.00	17.76	19.38	21.00	22.10
Direct Labor Cost (time * labor rate)	2.61	11.30	23.20	40.39	389.39
(Actual direct labor cost)	(5.40)	(22.18)		(35.96)	(185.74)
Other Cost Factor	1.00	3.29	3.36	3.43	3.99
Total Cost Per Local Office Per Month	5.23	48.49	101.16	178.93	1943.04
Participation Reporting Costs per Referral					
No. referrals per local office per month	137	164	222	258	47
Cost per referral	0.04	0.30	0.45	0.69	40.94
(Actual cost per referral)	(0.02)	(0.07)		(0.89)	(2.48)

## APPENDIX H

### JOB SEARCH COST EVALUATION INTERVIEW GUIDE

PROGRAM OPERATIONS STUDY  
PHASE III  
JOB SEARCH COST EVALUATION

NOTE TO INTERVIEWERS

ATTACHED IS AN INTERVIEW GUIDE WHICH SHOULD BE CONSULTED WHEN INTERVIEWING STATE AND, IF APPLICABLE, LOCAL FOOD STAMP AGENCY PERSONNEL. REFER TO THE GUIDE TO BE SURE THAT YOU ARE COVERING EACH OF THE MAJOR TOPIC AREAS. DO NOT FEEL AS IF YOU HAVE TO RECITE VERBATIM THE QUESTIONS AS THEY APPEAR HERE. BEFORE YOU CONCLUDE YOUR INTERVIEWS, THOUGH, CHECK TO BE SURE THAT YOU FULLY UNDERSTAND THE COMPONENTS OF REPORTED COSTS, AS WELL AS EACH OF THE JOB SEARCH FUNCTIONS. IT IS IMPORTANT THAT YOU UNDERSTAND HOW PARTICIPANTS ARE TRACKED THROUGH THE PROGRAM, AND HOW PARTICIPANT FLOW IS RECORDED (I.E., HOW AND WHEN PARTICIPANTS ARE COUNTED).

# JOB SEARCH COST DATA COLLECTION INTERVIEW GUIDE

Thank you for agreeing to participate in this evaluation of the Food Stamp Job Search Program. The purpose of this interview is to determine as accurately as possible the costs associated with the Job Search Program in your state. To the extent possible, we will need to allocate costs by functional or program area. Our focus is not only on those costs "charged" to Job Search and paid for by FNS, but also on in-kind or other unaccounted resource costs.

Job Search was comprised of five general functional areas -- referral, assessment/assignment, service, compliance monitoring, and reporting. According to the most recent information we have obtained, the service component of the Job Search Program operated by this state consisted of the following:

Function	Agency/Org. Performing Service
Job Counseling	
Job Clubs	
Job Development	
Workfare	
Classroom Training	
On the Job Train (OJT)	

1. Is this an accurate picture of Job Search Service component?

           Yes  
          No

- 1A. If NO, please describe: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Our data indicate that the other job search functions are handled by the following agencies:

Referral \_\_\_\_\_  
Assessment \_\_\_\_\_  
Compliance \_\_\_\_\_  
    monitoring \_\_\_\_\_  
Reporting \_\_\_\_\_

2. Is this an accurate picture?

— Yes  
— No

2A. If NO, please describe:

We are interested in identifying what we will refer to as accounted costs and resource costs. Accounted costs refer to the federal and state Job Search funds allocated to program functions. Resource costs refer to the actual costs of services received by Job Search participants, whether paid by federal or state funds or not.

Most of the accounted costs will be reported on the SF-269 and the invoices submitted to FNS. To help us better understand the costs of Job Search in this state, we will need to clarify exactly what costs are accounted and how they are allocated, as well as which are unaccounted or resource costs. REFER TO EITHER THE SF-269 FOR FEDERAL FY 1986, OR THE FINAL INVOICE FOR THAT YEAR. ASK FOR COPY

Accounted costs can further be broken down into direct and indirect costs. Direct costs are comprised of labor (salary and fringe benefits) and non-labor costs (supplies and equipment, telephone, postage, etc); indirect costs cover such things as accounting, depreciation of buildings/equipment, training and education, legal expenses, etc.)

3. First, I would like to ask you about Food Stamp State Agency accounted costs. Which of the following costs were directly charged to the Food Stamp Job Search program, that is to say, which items are represented in the SF-269 or the invoices sent to FNS? How were these costs measured (timestudy, timesheets, assignment on basis of organizational structure)? What activities do these costs cover?

COST ELEMENT	3A CHARGED?	3B HOW MEASURED	ACTIVITY
LABOR			
JS Prog. Director			
Other Job Search			
professional staff			
JS Clerical support			
NON-LABOR			
DIRECT COSTS			
Supplies & Equipment			
Telephone			
Postage			
Travel			
Data Processing			
Other			



IF ANY ANSWER IN 3A IS NO, ASK THE FOLLOWING QUESTIONS ABOUT COST ELEMENTS NOT CHARGED DIRECTLY TO THE JOB SEARCH PROGRAM:

3C-1. You indicated that \_\_\_\_\_ costs were not charged to Job Search. These are what we referred to earlier as resource costs. What would you estimate those costs to be? Remember, we are talking about costs at the State level.

3C-2. IF LABOR COSTS:  
How many staff worked on Job Search but did not have their time costs allocated to the program? What percent of their time would you estimate was spent on Job Search? What was their salary level?

3C-2a \_\_\_\_\_ No. of staff not charged to JS

3C-2b	<u>Position</u>	<u>% time</u>	<u>Major JS Activity</u>	<u>Salary Level</u>
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

3C-2c What is the estimated fringe benefit on salary?

3D. FOR NON-LABOR DIRECT COSTS:  
What would you estimate the cost of \_\_\_\_\_ to be? How did you measure these costs?

<u>Cost Estimate</u>	<u>How Measured</u>
_____	_____

-----

EXTERNAL AGENCY COSTS  
STATE LEVEL

NEXT, WE NEED TO DETERMINE IF THESE COSTS INCLUDE THOSE ACTIVITIES/SERVICES PROVIDED BY EXTERNAL AGENCIES (I.E., SUBCONTRACTORS -- EITHER OTHER GOVERNMENT AGENCIES, SUCH AS THE DEPARTMENT OF LABOR, OR OUTSIDE VENDORS, SUCH AS VOC ED SCHOOLS. REFER TO THE FIRST PAGE OF THE INTERVIEW GUIDE FOR THE JOB SEARCH PROGRAM MODEL. ASK THESE QUESTIONS OF EACH JS FUNCTION PERFORMED BY EXTERNAL AGENCIES. USE A SEPARATE QUESTIONNAIRE GRID SETS FOR EACH AGENCY.

4. According to our records, \_\_\_\_\_ is performed by \_\_\_\_\_. FILL IN FUNCTION AND AGENCY.  
Are these costs reflected in the invoices or the SF-269?

\_\_\_\_ Yes (Go to Q4A)  
\_\_\_\_ No (Go to Q5)

- 4A-1 How does \_\_\_\_\_ charge for these services (on a per participant basis, flat rate per year, etc.) [

- 4A-2 Do these charges include:

	<u>Yes/No</u>
LABOR	
Job Search Prog. Coordinator	_____
Other JS professional staff	_____
Clerical support for JS	_____
NON-LABOR DIRECT COSTS	
Equipment	_____
Supplies	_____
Telephone	_____
Postage	_____
Travel	_____
Other	_____

- 4A-3 What activities do these costs cover?

-----

- 5A. You said that \_\_\_\_\_ costs were not included in the invoices and SF-269. Why was that? Could you estimate what those costs might have been? IF CAN'T GIVE ESTIMATE, ASK WHO PERFORMED TASKS, HOW LONG IT TOOK AND WHAT THE SALARY LEVELS WERE FOR EACH WORKER TYPE.

- 5B. What activities do these costs cover?

INDIRECT COSTS

6. Are the Job Search costs as reported on the SF-269 and FNS invoices "fully loaded," that is, do they include a share of all overhead costs allocated to the Food Stamp program, including management above the level of the Job Search coordinator, departmental management, local office overhead, and non-State agency costs (such as data processing departments, Treasurer's office, etc.)

\_\_\_\_ Yes (go to 6A)  
\_\_\_\_ No (go to 6B)

- 6A. Where are the overhead costs allocated to the Food Stamp program represented on the invoices/SF-269?

- 6B. Is there anyway to estimate what these costs might have been? Does the Department have a formula for allocating these costs across programs within the agency?

7. We also need to know about the indirect costs of the outside agencies/vendors who perform Job Search functions. REFER TO JOB SEARCH MODEL. Do the subcontracts with these agencies include costs for overhead?

Agency

Yes/No

# LOCAL AGENCY COSTS

8. Now we need to have a better understanding of Local Food Stamp Agency costs. To the best of your knowledge, which of the following cost items were charged directly to the Food Stamp Job Search program? How did the LFSAs measure these costs (timesheets, time study, assignment on basis of organizational structure)?

COST ELEMENT	8A CHARGED?	8B HOW MEASURED
LABOR		
Job Search Coordinator	_____	_____
Job Search Supervisors	_____	_____
Case Management Supervisors	_____	_____
Case Managers	_____	_____
Caseworkers/Other Professnl	_____	_____
Clerical Support	_____	_____
Clerical Supervisor	_____	_____
LFSA Administrator/Director	_____	_____
NON-LABOR DIRECT COSTS		
Supplies & Equipment	_____	_____
Telephone	_____	_____
Postage	_____	_____
Travel	_____	_____
Data Processing	_____	_____
Other	_____	_____

WHAT JOB SEARCH ACTIVITIES ARE REPRESENTED IN THESE COSTS?

- \_\_\_ Client referral
- \_\_\_ Assessment and Assignment
- \_\_\_ Service (WHERE APPLICABLE)
  - \_\_\_ Counseling
  - \_\_\_ Job Club
  - \_\_\_ Job Development
  - \_\_\_ Workfare
  - \_\_\_ Classroom Training
  - \_\_\_ On the Job Training
- \_\_\_ Monitoring of Job Search Activities
- \_\_\_ Notification of Failure to Comply
- \_\_\_ Disqualification

FOR ACCOUNTED COSTS: Is it possible to break out costs for each of these program functions? Do the worksheets used in compiling data for the SF-269 or the invoices contain this kind of detail? If not, would the LFSAs have this level of detail?

LOOK OVER ALL BACK-UP FOR COST REPORTING AND ALLOCATION. DETERMINE WHAT LEVEL OF DETAIL IS AVAILABLE, AND OBTAIN COPIES OF WORKSHEETS AND PRINTOUTS THAT ARE PERTINENT TO JOB SEARCH. IF DETAILED DATA INCLUDE COSTS FOR OTHER FOOD STAMP PROGRAM COST CATEGORIES BESIDES JOB SEARCH, OBTAIN DATA USED TO ALLOCATE COSTS BETWEEN JOB SEARCH AND THE OTHER CATEGORIES/PROGRAMS.

FOR COSTS OF PROGRAM FUNCTIONS LISTED ABOVE AS NOT BEING INCLUDED IN LFSA COSTS (IF ANYTHING IN 8A = NO) GO TO Q.9

9. In addition to those costs which are accounted for on the invoices and/or SF-269, there are what we refer to as resource costs -- these include costs for inkind services.

You indicated that \_\_\_\_\_ {FUNCTION} was not included in the LFSA costs. Who incurs the cost for that service? We need to get an estimate of those costs -- both labor and non-labor direct costs as well as any overhead costs. USE THE RESOURCE COST WORKSHEET FOR EACH PROGRAM FUNCTION IDENTIFIED AS NOT BEING INCLUDED ON SF-269 OR THE INVOICES.

10. FOR SERVICES PERFORMED BY SUBCONTRACTING AGENCIES: (AT THE LOCAL LEVEL)

What is included in the costs charged by the subcontracting agencies? CHECK ALL THAT ARE INCLUDED. IF MORE THAN ONE SUBCONTRACTOR, USE ADDITIONAL SUBCONTRACTOR COST WORKSHEETS.

Subcontractor: \_\_\_\_\_

Function: \_\_\_\_\_

LABOR

\_\_\_\_ Direct Service  
          professionals  
\_\_\_\_ Direct Service (other)  
\_\_\_\_ Clerical  
\_\_\_\_ Management  
\_\_\_\_ Other (specify)

OTHER DIRECT COSTS

\_\_\_\_ Direct Service Costs  
      \_\_\_\_ Materials  
      \_\_\_\_ Equipment  
      \_\_\_\_ Other  
\_\_\_\_ Other direct costs

FOR THOSE SERVICES NOT INCLUDED IN SUBCONTRACTOR'S COST, DETERMINE WHETHER APPLICABLE OR NOT. IF APPLICABLE, TRY TO OBTAIN ESTIMATE OF WHAT COST TO JOB SEARCH WOULD HAVE BEEN. IF YOU CANNOT GET AN ESTIMATE, NOTE THAT THE COST ITEM APPLIES, BUT IS UNACCOUNTED FOR.

# RESOURCE COST WORKSHEET

AGENCY/SUBCONTRACTOR \_\_\_\_\_

FUNCTION \_\_\_\_\_

9A-1. You indicated that \_\_\_\_\_ costs were not charged to Job Search at the local level. These are what we referred to earlier as resource costs. What would you estimate those costs to be? Remember, we are talking about costs for activities performed at the local level.

9A-2. IF LABOR COSTS:  
How many staff worked on Job Search but did not have their time costs allocated to the program? What percent of their time would you estimate was spent on Job Search? What was their salary level?

9A-2a \_\_\_\_\_ No. of staff not charged to JS

9A-2b	Position	% time	Major JS Activity	Salary Level
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

9A-2c What is the estimated fringe benefit on salary?

9B. FOR NON-LABOR DIRECT COSTS:  
What would you estimate the cost of \_\_\_\_\_ to be? How did you measure these costs?

Cost Estimate	How Measured
_____	_____





## THE BOTTOM-UP APPROACH TO COST ESTIMATES

Now I would like to approach the issue of program costs in another manner. Earlier I asked if it was possible to break out total program costs by program function -- referral, assessment/assignment, etc. The next series of questions attempt to define the parameters of each of those major functions, that is to define what activities are performed, to ascertain how much time is involved, who performs the function, and what the corresponding salary levels of those persons was. Again, I emphasize that we are talking about the old Job Search Program, not the current Employment and Training Program.

### Referral

Definition: For each member of a case who is not exempt from the work registration requirement, a worker must decide whether the individual shall be referred for job search or not. If so, the individual must be given the appropriate information and notification; in some cases, this may include scheduling an appointment and so informing the individual.

At what point is the work registrant status assigned to an individual? Does it happen during or after food stamp intake interview? Is it part of the job search referral process? How long after becoming a work registrant is someone typically referred to job search?

Is the worker who makes the referral also responsible for informing the work registrant? Is is a computer that makes the determination? What is the procedure used in this State -- work registrant is notified in person, is notified by mail; is an appointment scheduled, is the work registrant told to arrange their own appointment?

- o What activities are performed as part of this referral process?
- o Is it the same for all counties participating in the JS program?
- o How long, on average, do each of these activities take?
- o Who performs each of these activities?
- o What is the average payscale for that employee type?

## Assessment and Assignment

Definition: Individuals are assessed vis a vis job readiness and then assigned to an appropriate employment or training activity, or are exempted from the requirement. All referred individuals who show up for the appointment are assessed and assigned. (We will assume that being determined to be exempt is equivalent to an assignment.) Is this a fairly accurate description of the overall process?

What activities are performed as part of the assessment/assignment process? Is this the same for all counties participating in the Job Search program?

Who performs each of these activities? How long, on average, do each of these activities take?

What is the average payscale for that employee type?

Who is assessed? Who is assigned? Please explain how persons are counted -- people who enter this stage or people who complete this stage? How are the "drop outs" counted?

Service

Definition: The service component refers to the actual employment or training activity (or activities) in which the individual participates.

You indicated earlier that Job Search participants might be funneled into one or more of the following job search service activities: REFER TO PAGE 1 TO GET AN IDEA OF THE JOB SEARCH MODEL, AND FILL IN THEN SEE ATTACHED FORM FOR DEFINITIONS

- ☐ Unsupported job search
- ☐ Job Counseling
- ☐ Job Club
- ☐ Job Development
- ☐ Workfare and/or Community Work Experience
- ☐ Classroom Training
- ☐ On the Job Training

Are there any other service components to which a job search participant might be referred?

Is there a limit to the number of service components a work registrant can enter? What criteria are used to determine which service component a work registrant is assigned to?

FOR EACH SERVICE COMPONENT, ASK THE FOLLOWING:  
USE EXTRA SERVICE COMPONENT GRIDS IF MORE THAN TWO COMPONENTS.

Service Component: \_\_\_\_\_

What activities are performed as part of \_\_\_\_\_? Is this the same for all counties participating in the Job Search program?

Who performs each of these activities? How long, on average, do each of these activities take?

What is the average payscale for that employee type?

Service Component: \_\_\_\_\_

What activities are performed as part of \_\_\_\_\_? Is this the same for all counties participating in the Job Search program?

Who performs each of these activities? How long, on average, do each of these activities take?

What is the average payscale for that employee type?

### Compliance Monitoring

Definition: The mechanism under which the Food Stamp program determines whether or not an individual is complying with the job search requirement.

What activities are performed as part of compliance monitoring? Is this the same for all counties participating in the Job Search program?

Who performs each of these activities? How long, on average, do each of these activities take?

What is the average payscale for that employee type?

Who gets monitored?

### Notification/Disqualification

Definition: Individuals who do not comply with the job search requirements may be disqualified from the food stamp program.

What activities are performed as part of the notification/disqualification process? Is this the same for all counties participating in the Job Search program?

Who performs each of these activities? Is it the same PERSON(S)) who perform compliance monitoring? How long, on average, do each of these activities take?

What is the average payscale for that employee type?  
(NO NEED TO ASK THIS IF SAME PERSON(S)) AS DO MONITORING)

### Reporting

Definition: Preparing and submitting periodic reports to FNS on participant flows through the job search program.

What activities are performed as part of this reporting process? Is this the same for all counties participating in the Job Search program?

Who performs each of these activities? How long, on average, do each of these activities take?

What is the average payscale for that employee type?

# VERIFICATION OF STATE PERFORMANCE REPORTS

USING THE MOST RECENT PERFORMANCE REPORTS (FROM FNS), COMPLETE THE LIST BELOW. WHEN ASKING HOW THE JS PROGRAM DEFINES EACH COMPONENT, MAKE SURE TO LEARN WHETHER THEY COUNT PERSONS WHO ENTER OR PERSONS WHO COMPLETE; FIND OUT WHAT QUALIFIES AS "COMPLETE" AND DETERMINE WHERE DROP OUTS ARE COUNTED BETWEEN STEPS.

<u>Program Component</u>	<u>No. of Participants</u>	<u>How defined?</u>
Work Registrants		
Referrals		
Assessments		
Assignments		
Service		
Unsupported Job Search		
Entered Program		
Completed Program		
Job Counseling		
Entered Program		
Completed Program		
Job Development		
Entered Program		
Completed Program		
Workfare/Community Work Plan		
Entered Program		
Completed Program		
Classroom Training		
Entered Program		
Completed Program		
On the Job Training		
Entered Program		
Completed Program		
Placed in employment		
Notified of Non-compliance		
Disqualified		

What are the correct program participation totals for each of these components? (GO THROUGH LIST AGAIN, ENTER CORRECT NUMBERS) Please describe how these totals are defined or computed.

WORKING DEFINITIONS OF  
JOB SEARCH SERVICE COMPONENTS

UNSUPPORTED JOB SEARCH

This describes the basic JS requirements, where work registrant is instructed to make up to 24 job contacts within an 8 week period. Work registrant must report back twice during that period.

JOB COUNSELING

Individual is provided some general advice about how to find a potential employer, how to do an interview, etc. This may be an individual or group activity.

JOB CLUB

This is an activity designed to both inform and provide moral support to individuals on a continuing basis during job search. On the surface, it might resemble job counseling; the distinction may be the number of sessions to which a work registrant attends.

CLASSROOM TRAINING

Formal training, the objectives of which are to provide work registrants with either general educational skills or credentials, or marketable job skills. "World of work" training could be counted here if it is more formal and extensive than a simple counseling session or job club.

JOB DEVELOPMENT

An activity undertaken by the JS agency to locate jobs for JS participants. It may be limited to merely identifying job vacancies, but typically implies obtaining commitment from employers to give priority to (or hire) JS participants.

ON THE JOB TRAINING

Employers accept JS participants with the explicit objective of training them in how to do the job. Jobs typically involve a specific skill that may qualify individual for more than unskilled positions. Employee receives a wage, and the employer may receive a wage subsidy or other compensation.

COMMUNITY WORK  
EXPERIENCE/WORKFARE

A public agency employs JS participants in some public service capacity. General intent is to provide work experience, and hence an increased ability to be hired by private employer. JS participant may or may not receive wages.